Saturday Night

Canada's Magazine of Business and Contemporary Affairs

JANUARY 3RD 1959 20 CENTS

The Executive: Image and Reality

by Robert W. Brockway

Passenger Trains On the Way Out?

by Norman DePoe

How Export Insurance Can Help to Build Business

Wanted Now — A Canadian Defence Policy

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'Viyella'

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"LAVEZ-LE COMME DE LA LAINE—S'IL RÉTRÉCIT NOUS LE REMPLAÇONS"

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Robert W. Brockway

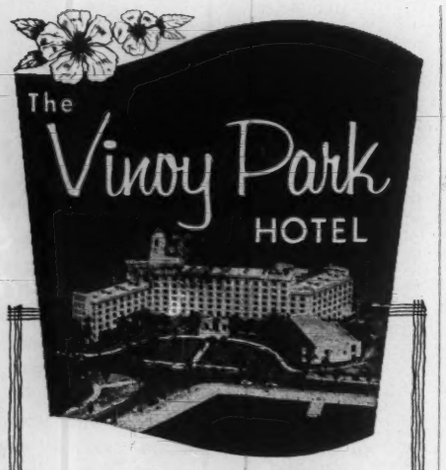
What about our modern business executives? Are they just an Ivy League version of Sinclair Lewis' *Babbitt* or misunderstood benefactors whose main ambition is to build a better world? Neither says Robert W. Brockway, Hamilton Unitarian minister. Dr. Brockway, an American who plans to become a Canadian, critically examines the modern executive as projected by recent books and by the CBC's television series *Explorations*, on Page 10.

Ian Vorres

Queen Frederika, German-born wife of King Paul of Greece, has been spending a well-deserved holiday in the U.S. Ian Vorres, the *Hamilton Spectator's* art critic and of Greek parentage himself, recounts the remarkable achievements of the pert and pretty brunette. Vorres, on Page 12, shows how Frederika, both as woman and sovereign, has helped change the life of her adopted country through promoting social improvement.

R. U. Mahaffy

Canada's Exports Credit Insurance Corp. does a job unique in North America for Canadian businessmen: It offers insurance against political and other risks for their exports. R. U. Mahaffy, financial editor of the *Ottawa Journal*, describes the broad range of goods that may be covered, gives examples of how insurance has worked out, and tells businessmen exactly how to go about arranging coverage, on Page 20.



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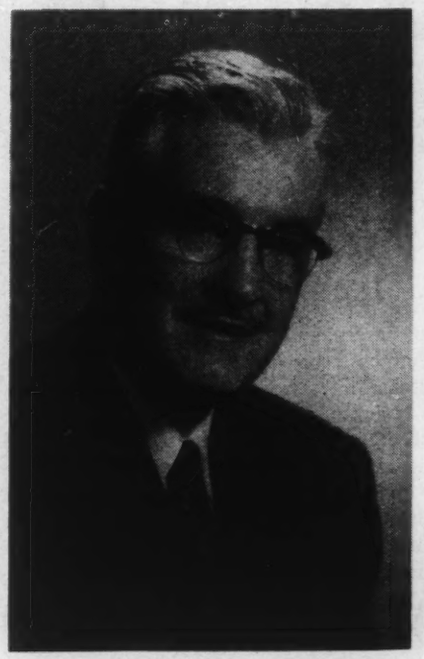

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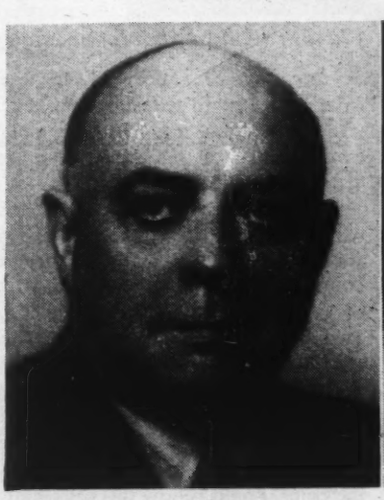

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Ottawa Letter

by Edwin Copps

Minding Our Own Business

THE SECOND SESSION of the 24th Parliament due to open in Ottawa towards the end of this month, will be mainly devoted to minding our own business.

In the four months since the house was prorogued, the heavy government emphasis has been on the nation's external affairs. Prime Minister John Diefenbaker circled the globe on a worthwhile Commonwealth tour. Finance Minister Donald Fleming visited in the Orient, External Affairs chief Sidney Smith in Latin America and assorted other ministers and private members trekked across Europe and the Middle East. Now the intinerants have returned to this snowy capital from all the exotic points of the compass to tackle an agenda that will keep them hard at work until well into midsummer.

Despite their cramming on diplomacy during the recess, there are comparatively few foreign relations problems demanding the MPs' attention here. The only really agonizing one is the matter of recognition of Red China and that is under constant review in the East Block as it has been for several years. The vast bulk of the work load to be shouldered by the returned travellers consists of purely domestic problems: civil rights, national defense and the management of the Canadian economy.

Here is a rundown of some of the topics Parliament will discuss and some of the current Parliament Hill guessing about likely action on them:

Bill of Rights: This is the showpiece of the Tories legislative program. John Diefenbaker, campaigning for a bill of this kind ever since his leaner days as an obscure back-bencher, personally introduced the measure just 24 hours before Parliament was prorogued. It was given routine first reading in September, then shelved to let opposition parties, provincial governments, law societies and private citizens marshal opinions for a full debate at this session.

On the face of it, there would seem to be little to debate. The rights guaranteed in the Prime Minister's bill (freedom of speech, worship, assembly etc.) are basic. Few Canadians would oppose them in principle and most would agree that they should have been written into our constitution at the time of Confederation. The argument now will be an academic one over the best constitutional method of inserting these fundamental articles in our basic law at this late date in our national history.

Lawyer Diefenbaker plainly favors the direct approach. His Bill of Rights would be a simple federal law guaranteeing these rights to all Canadians. There is an obvious likelihood that such a broad federal statute will collide sooner or later with some action or law in the administration of justice

The PM: Bill of Rights the showpiece.

by the provinces. It would, for example, have been put to a test in Quebec a few years ago when the Duplessis police arrested scores of Jehovah's Witnesses for distributing Biblical tracts.

If an incident of that kind occurred with the Bill of Rights in the federal statutes, the accused could appeal to the courts that his guaranteed right to freedom of religion had been violated. Canada's Supreme Court already has ruled that "no province has the power to reduce . . . political rights of its citizens as compared with those enjoyed by citizens of other provinces." Diefenbaker is ready to take the chance that in any future test case, the court would follow this reasoning again and rule that a citizen in one province was entitled to the rights guaranteed elsewhere in the country by the federal Bill of Rights. By test cases of this kind as well as through convention and the force of public opinion, the Diefenbaker Bill of Rights would eventually become a Canadian institution which no government could dare to repeal or ignore.

While they are in favor of a Bill of Rights, the opposition, being politicians, are naturally reluctant to see a political rival get the applause which his authorship of the Bill of Rights will certainly win for John Diefenbaker. They can be expected to try any kind of legalistic argument that would force wholesale amendment, delay or withdrawal of the Diefenbaker bill. They will almost certainly charge that provincial rights are being violated and plead for a dominion-provincial conference on the issue.

Defence: A many-horned dilemma for the government here. The Air Force wants the billion-dollar Canada-built Arrow fighter plane. The Navy wants submarines. The Army wants a whole new arsenal of atomic warheads and missiles. The Liberals want a complete overhaul of the defense system. Every community in Canada wants the utmost security against attack. And the government wants to cut the defense budget.

Best bet is that defense costs will stay up near their present level of $1.6 billion, spread around where the government's advisers say it will do the most good but still leaving great gaps in the country's defenses against missile-age warfare. Cabinet insiders say that the promised reassessment of the Arrow's future in March will be only a formality; despite the continuing public debate, it is a dead issue.

Unemployment: In recent Ontario and Manitoba by-elections, Liberal orators harked back constantly to the despised depression-era regime of the late Tory R. B. Bennett, still hoping to convict today's Tories of guilt by association and hang a hard-times label on the present administration. They will keep trying through this session, bewailing every new jobless total and asking embarrassing questions in the House about every minor layoff.

The Tories will counter with equally-trite tactics, announcing every lesser public works project with loud fanfare and hailing every outcoming labor statistic as an omen of prosperity. Unfortunately, neither the Liberal attack nor the Tory defense will do much to provide jobs. Before Parliament gets around to debating it, the winter's unemployment will be too chronic and too far advanced for any effective quick cure. The best that can be hoped for is extended insurance benefits or emergency works projects in badly-depressed areas if the situation gets critical in midwinter.

Civil Service: When the Conservatives were out of power, hardly a day passed that one of them did not rail about the high cost of government, "the sprawling empire of Crown Corporations" (Diefenbaker's phrase), and the ever-growing payroll of the Civil Service. Since taking office, however, their criticism has slacked off to occasional private grumbling that

many top civil servants are secret Liberals. Now, after more than a year in charge and safe from suspicion that they are taking political revenge, the Tories will act at this session on their oft-made promise to cut costs. A commission similar to the Hoover Commission which pared billions from U.S. Government overhead a few years ago, will be set up and put to work, with meat-axe or scalpel as the case requires, to trim off any fat they can find.

Energy: One of the Tories' firmest election pledges was to create a National Energy Board that would assess our energy resources and take care that supplies of oil, gas, waterpower etc. that might be needed here in the future are not exported to earn fast dollars at the present. A Royal Commission on Energy, headed by Toronto Lawyer-Industrialist Henry Borden, has dutifully recommended that such a board be set up. But Prober Borden went far beyond the limits the Tories had in mind.

In his first report (on oil and gas) Borden suggested that Ottawa controllers seize power over practically every phase of the petroleum industry, from setting prices in the oilfields to retailing finished products to the public. Borden's formula knocked some $150 million off the values of Canadian petroleum stocks, drew heavy criticism from the nation's top bankers, from friendly Tory newspapers and from Tory MPs themselves. The government is morally bound to go ahead with the promised Energy Board but its function will likely be confined to keeping score, not taking over the management of our national energy resources.

Miscellany: During the session a decision will be made on the Canadian Pacific vs. Trans-Canada Airlines wrangle over air routes, probably with some minor air routes to CPA to make a small dent in TCA's monopoly . . . There will be action on the long-delayed treaty negotiations with the U.S. over Columbia River power development. Ottawa is now panicky that British Columbia's Social Credit Premier W.A.C. Bennett will steal a march with his Wenner-Gren power project in interior B.C. . . . If the economy can stand it, there'll be a push for more immigration, aimed to better the disappointing total of 125,000 immigrants in 1958 . . . Don't expect repeal of the death sentence for murder. The government will continue its present policy of commuting death sentences, wait for a sharper public demand before erasing the capital punishment law . . . Despite the furore in newspaper letters columns, there is no chance of any action on a distinctive Canadian flag or an exclusively Canadian National Anthem. Most Tory M.P.s are quite content with the present healdic arrangements (i.e. the Red Ensign and God Save the Queen) and will go along with Secretary of State Ellen Fairclough's verdict that *O Canada* is just "a nice song".

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Dividend Notice

At a meeting of the Board of Directors held today a final dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1958, payable in Canadian funds on February 27, 1959, to shareholders of record at 3.30 p.m. on January 5, 1959.

By order of the Board.

T. F. Turner,
Secretary.

Montreal, December 8, 1958.

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Dividend No. 288 and Extra

NOTICE is hereby given that a dividend for the quarter ending January 31, 1959 of forty cents per fully-paid share on the outstanding Capital Stock of this Bank and an extra dividend of twenty cents per fully-paid share have been declared, payable at the Bank and its branches on February 2, 1959, to shareholders of record at the close of business on December 31, 1958.

By Order of the Board

J. P. R. Wadsworth,
General Manager

Toronto, December 12, 1958

ROYALITE OIL COMPANY, LIMITED

PREFERRED STOCK DIVIDEND NO. 17

NOTICE is hereby given that a Dividend of 32.8125 cents per share has been declared on the 5¼% First Series Preferred Shares of the Company, payable January 1st, 1959, to shareholders of record at the close of business on December 12th, 1958.

By Order of the Board

"J. W. WHITAKER"
Secretary

Calgary, Alberta
November 28th, 1958

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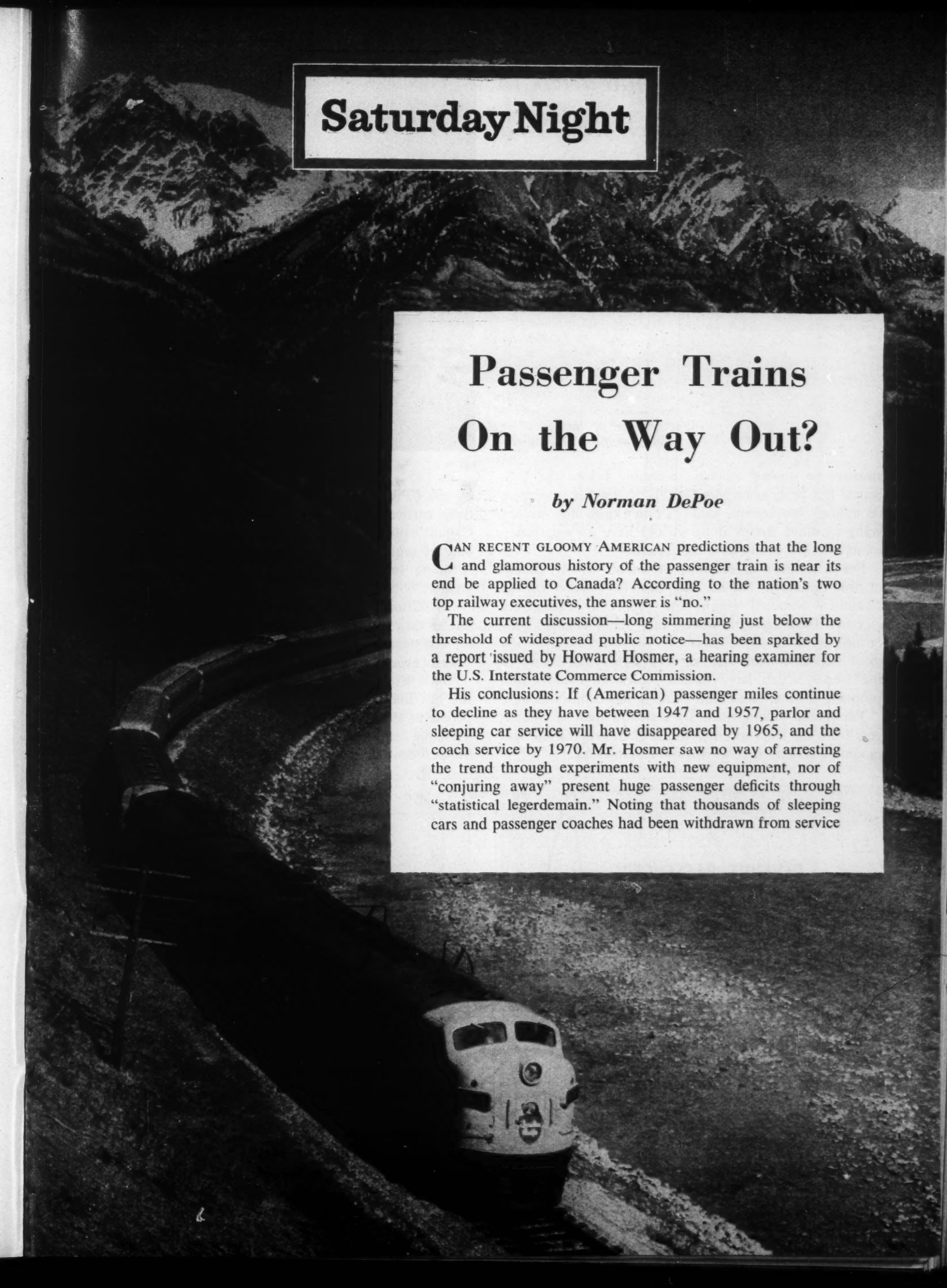


Passenger Trains On the Way Out?

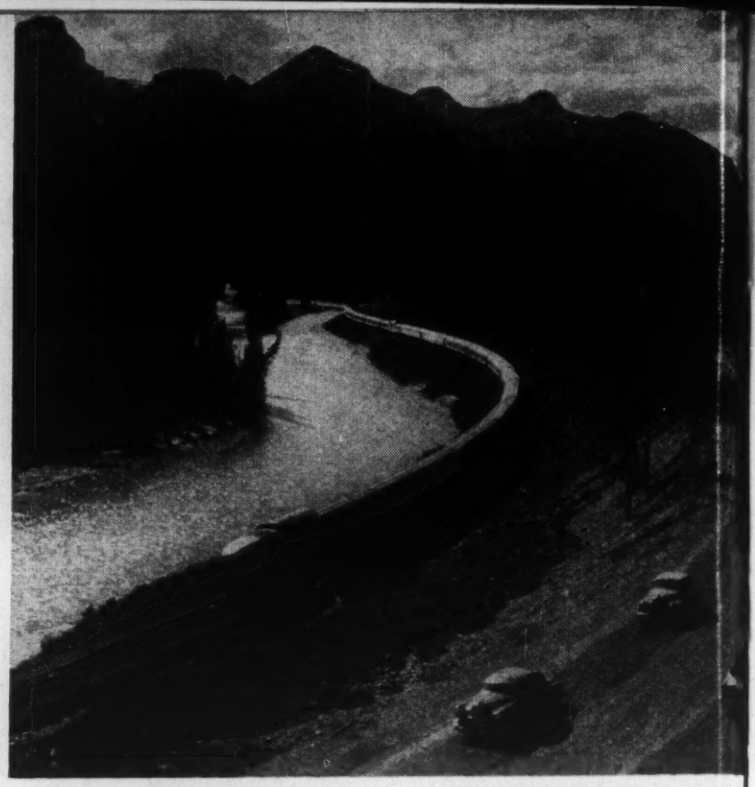
by Norman DePoe

CAN RECENT GLOOMY AMERICAN predictions that the long and glamorous history of the passenger train is near its end be applied to Canada? According to the nation's two top railway executives, the answer is "no."

The current discussion—long simmering just below the threshold of widespread public notice—has been sparked by a report issued by Howard Hosmer, a hearing examiner for the U.S. Interstate Commerce Commission.

His conclusions: If (American) passenger miles continue to decline as they have between 1947 and 1957, parlor and sleeping car service will have disappeared by 1965, and the coach service by 1970. Mr. Hosmer saw no way of arresting the trend through experiments with new equipment, nor of "conjuring away" present huge passenger deficits through "statistical legerdemain." Noting that thousands of sleeping cars and passenger coaches had been withdrawn from service

Our different economic needs in combination with a vigorous and extensive modernization program may save Canadian railways from the demise expected in the U.S.

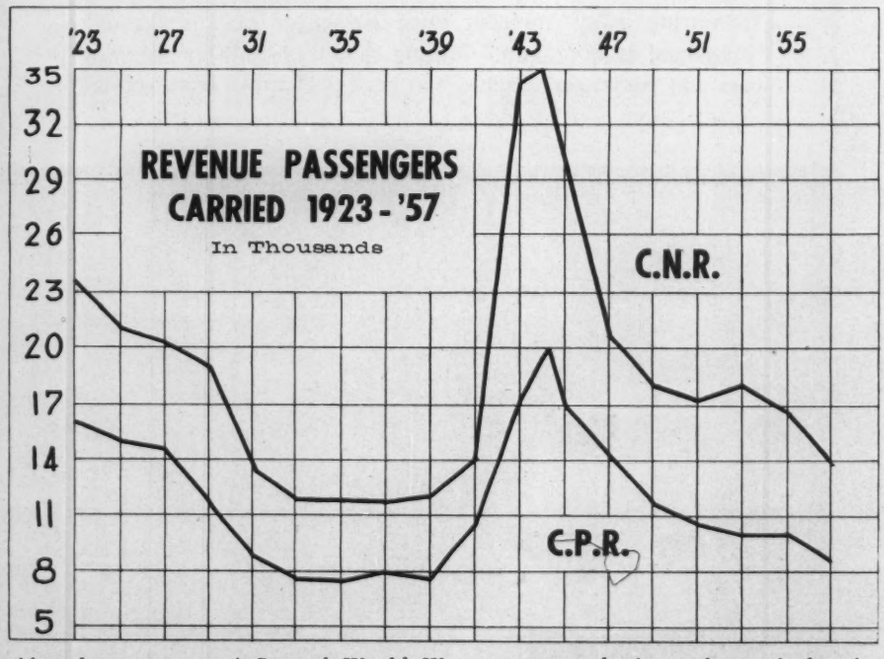


Automobile competition has been one of the biggest of a number of factors in the lower profits of railways.

already, he quoted military testimony before the U.S. Senate this year, when Maj-Gen. E. R. Lasher, an expert on military movements, said: "I don't know how we are going to move troops if we should have an emergency tomorrow. We do not have the capacity."

For a number of reasons, presidents N. R. Crump of the Canadian Pacific and Donald Gordon of the Canadian National regard the report as excessively gloomy. They agree, however, that major changes may be needed in Canadian passenger service. And even the most casual of statistical surveys shows that many of the trends which have turned American experts into prophets of doom are in full swing in this country as well.

Paramount among them are a steady flight of passengers from the train to other forms of transportation, and mounting deficits as costs rise and revenues lag.



After boom years of Second World War, passenger business dropped sharply.

In 1957, the number of revenue passengers carried by the CPR and CNR combined was roughly equal to those carried in the depression year of 1931. Meanwhile, Canada's population had increased by almost 70 per cent, and the amount of money per capita available for travel spending (even taking inflation into account) was far greater.

Mr. Crump put his finger on one aspect of the passenger shrinkage last summer when he travelled by train to a cottage north of Toronto. "You know," he said, "nearly everybody on that train was over 45."

Since World War II, air travel has more than doubled; the bus lines are still expanding; but the biggest competitor of all is the private motor car. Full figures are not available for Canada, but if U.S. habits are a guide, nearly 90 per cent of all travel in 1957 was carried out by automobile.

The CNR is already deep into motivational research, looking for ways to convince a nation on wheels to return to the train. Studies south of the border indicate that besides freedom and flexibility, apparent cost is a big factor. For a trip, say, from Toronto to Montreal, the air fare is $48.00 return. The train costs $26.65—less than four cents a mile.

To operate a new, high-horsepower auto, the railwaymen argue, costs ten to eleven cents a mile with proper accounting, which includes depreciation, wear and tear and insurance as well as actual operating costs. That would bring the Toronto-Montreal round trip to well over $70.00—the most expensive way of all. The motorist, however, tends to look only at his out-of-pocket costs: about four and a

Recently-introduced scenic dome cars in transcontinental runs of CPR help relieve tedium, add to travel pleasure.

CNR's new dinette service is designed to counter rising cost of train meals and trim dining car financial loss.

half cents a mile. If more than one person takes the trip the saving appears to be spectacular.

While the private car and the bus compete most formidably on short trips, the airplane is taking over for long ones. Recent Canadian surveys show that only one in every ten passengers aboard a transcontinental train is going all the way. Mr. Crump, who flew to Vancouver in five hours this summer aboard a Comet IV, indicated that jet travel might well administer the *coup de grace* to dwindling coast-to-coast rail travel.

On the purely financial side, it is firmly agreed that Canadian passenger service as a whole operates at a loss. The maddening aspect of this, for such investigators as MPs and officials of the Board of Transport Commissioners, is that almost no one can agree on a figure for the deficit.

The most widely-applied—and most widely disputed—yardstick is the American ICC formula. Developed by the Interstate Commerce Commission, it rigidly adheres to the principles of cost accounting. The passenger service is charged with a share of track construction and maintenance, taxes, interest on debts, and so on. By this formula, the CNR's annual passenger deficit would run to well over $70,000,000.

President Gordon—no stranger to cost accounting himself—doesn't agree.

He points out that while the passenger service accounts or 37 per cent of CNR train miles (and perhaps, with adjustment, for a third of the construction cost of tracks if you look at it from an accounting point of view), this cannot all be justly charged against passenger revenue—

CONTINUED ON PAGE 32

Self-propelled diesel-powered passenger cars used by both CPR, CNR are seen as answer to inter-city runs.

Additional cost of parlor car accommodation is slight in relation to benefits of added service and comfort.

Single bedroom in CPR's Chateau sleeping car is last word in up-to-date functional railway accommodation.

The modern executive does not drive his subordinates. He "motivates" them. Manipulation is its other name.

The Executive: Image And Reality

by Robert W. Brockway

The rugged, two-fisted industrial "robber baron" has given way to a bland, success oriented, prestige conscious manipulator whose first aim is to "co-operate". His worst sin however is that he is a bore.

WHAT SORT OF MAN is the typical business executive today? The novelists tell us that he is a dull soulless creature, greedy for power and insensitive to the deeper side of life. John Marquand's Willis Wade, for instance, is this kind of man. Nothing matters to him but business. He is greedy for power; wife, children, friends and home are all means to that end. At the conclusion of the story he is wealthy and influential. He has achieved his life-long ambition and is master of the belt making industry of America. But his fabricated public relations personality has completely dissolved his real personality. The surface polish has been like acid; it has eaten away everything inside until there is nothing left save the veneer. As an executive he has been a splendid success —as a man a failure. Then there is Babbitt, Sinclair Lewis's classic creation of the 1920's whose name is now a synonym of contempt for the shallow, ambitious and unscrupulous money grubber. Babbitt is "success oriented", "prestige conscious" and "other directed". He has been to college, but he is uneducated; he belongs to a church but he has no religion; he has contacts but no friends. He is discreet and respectable, but he has no morals. He too is a good executive but he is not much of a man.

There is also Sloan Wilson's *Man in the Grey Flannel Suit,* the rising young junior executive of the big city. He is surrounded by bland, self assured men who never shout or give orders but manipulate all things to their own advantage by flattery and the exploitation of insecurity. He and his unhappy wife and bratty children conform in the suburbs and do all things to keep up appearances. He, like the others, becomes a successful executive, but he isn't much of a man.

Occasionally, some small attempts are made to improve the picture. A few novelists like Mary Margaret Knight and Herman Wouk go to great lengths to make

His "friends" are chiefly people who might be useful in business. His clubs are his "circles of contact."

Nothing is for itself. His house, the car he drives, the clothes he wears must make the right impression.

businessmen heroes and intellectuals villains. A few films like MGM's *Executive Suite* attempt to say that "even in the 'sky reaching towers' of big business people remain human and presumably lovable." This is all quite exceptional, however. In general, intellectuals hate businessmen and it is just as true of right wing intellectuals as left. The reason is obvious. The latter are forced to cajole and toady in order to have their books published, their plays produced and their paintings hung. At the least, they are confronted with the unpleasant necessity of living in a world largely dominated by people who do not value the things of the spirit and mind and who insist on judging everything in terms that are narrowly pragmatic and financially remunerative.

In the light of all this it is small wonder that so many of the plays, novels and poems intellectuals write are full of sneering contempt for the businessman, his values and his way of life. It is the protest of an oppressed minority. Across the ages an impressive "paper tradition" has been created in which the businessman is presented in extremely unflattering terms. He is the philistine, the exploiter of men, the two-faced Janus. He is the obese, harried and hurried Midas who suffers from ulcers and will die at the age of fifty-two of coronary thrombosis. He is the bland suburbanite who lives exclusively on the surface of things. He accumulates money but not much else.

What is the truth? Is the modern business executive as poor a sort as the majority of literary men seem to describe him? Executives themselves would probably mostly disagree. Those whom I interviewed did. The dozen or so with whom I spoke all agreed that it is impossible to generalize. All knew Babbitts and Willis Wades, but all of them also knew executives who did not fit into that mould at all. Each had business acquaintances who were connoisseurs of the arts, students of philosophy or deeply religious. Each knew men who were model husbands and fathers, who were sincere in friendship and broad in outlook. A few spoke of social radicals like Cyrus Eaton. Most felt that the generalizations about executives were as unfair as similar generalizations about other groups in society.

A recent *Explorations* programme on CBC-TV bore this out. Seven top Canadian executives were interviewed and asked to discuss such questions as "What qualities are needed for business leadership? How important is education? and What are the satisfactions and responsibilities of a big business chief?"

The men included such well known figures as E. P.

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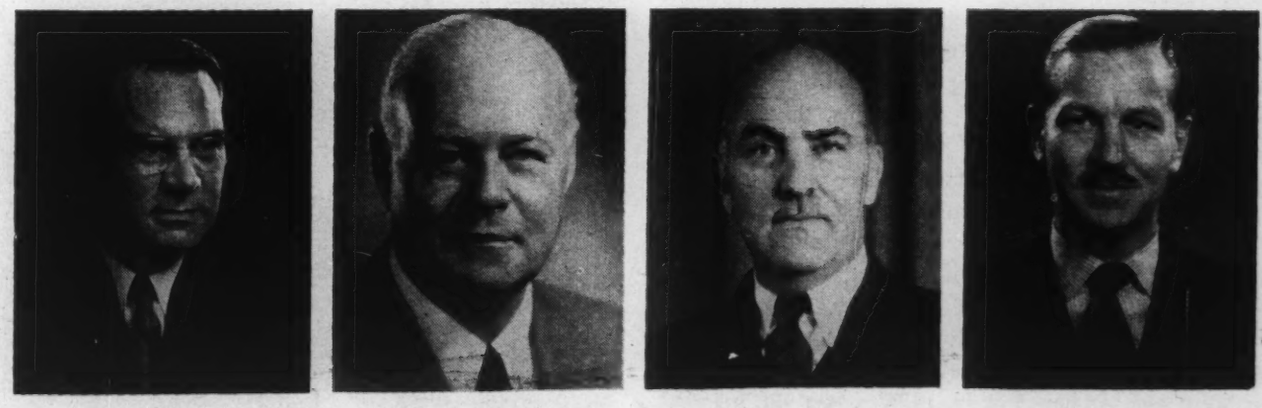

Four of Canada's top executives, Ford of Canada president Rhys M. Sale, industrialist E. P. Taylor, Abitibi Paper president D. W. Ambridge, Senator Hartland Molson were among seven interviewed by CBC in Explorations Series.

Frederika of Greece at Athens Exhibition.

Frederika: The Children's Queen

by Ian Vorres

RUNNING A MODERN kingdom is like running a modern household and few 20th century royal housewives have proved more efficient at it than petite, agile Queen Frederika of Greece.

Wrapped in mink, decked with rubies and flashing her affectionate smile, 41-year-old Frederika has just finished (on Dec. 21st) a prolonged tour of the USA visiting women's organizations and prying into the mysteries of atomic energy, her latest hobby. She was accompanied by two of her three children, Crown Prince Constantine 18 and Princess Sophie 20.

Like any good housewife, the pert queen of Greece earned her holiday after facing social troubles and tight budgets at home, and after caring for thousands of children apart from her own. Were it not for her dedicated energy in welfare projects and her sheer feminine charm the Greek Crown could hardly have survived the pressures of total war, communism and general post-war unrest. Yet today it stands safer than ever before.

Her achievement is doubly spectacular considering that when she joined the royal house of Greece all the odds were against her. For in 1938, when she married tall, sport-loving King Paul I (then crown prince of Greece), she was, as grand-daughter of the late Kaiser, a German princess who hardly spoke a word of Greek and who was destined to rule a country which was soon devastated by her own German people.

"I was born a full-blooded barbarian and came to Greece to be civilized," was one of the candid statements she made in Athens. Such frankness soon melted away all opposition. Within months she spoke Greek like a native.

"We must put ourselves at the disposal of the people; we are not to be served but to serve," was another of

Frederika and actress Kim Novak meet at Beverley Hills Imperial Ball for World Adoption International Fund.

Picking wild flowers in roadside fields is favorite relaxation for Frederika on regular tours of Greece.

Intensely interested in children, Frederika always has a word for youngsters who run out to meet her.

Running a modern kingdom is like running a modern household for the pert, petite Queen Frederika of Greece. But not all housewives have as much to do.

her early declarations, and she has practised what she preached.

While still a crown princess she wholeheartedly took up the cause of child welfare. By now her children's camps and educational centres have handled well over 55,000 youngsters.

Through the years her personal fund, "the Queen's Fund", has raised millions of dollars for welfare, and she is an affectionate mother to thousands of war orphans. Her vast welfare empire is run by a group of lady volunteers under her personal supervision. Such is her public appeal, that the underpaid workers of Greece work one whole Sunday every year and contribute their wages from this day to her organization. She once quipped to King Paul: "Workers go on strike against you; but for me they even work on Sundays!"

On jeep or even horseback she insists on visiting the remotest of villages in her domain which is about one fourth the size of Ontario but with a population of over 8,000,000. Few are her subjects who have not seen her in their midst attentively listening to their requests or complaints.

When calamity or tragedy strikes she is always the first to arrive on the scene encouraging and consoling. When a few years ago a severe earthquake devastated the Ionian Islands, Frederika was one of the first to arrive, while walls were still tumbling and fumes soaring from the twisted earth.

Her disarming simplicity with peasantry and common folk is, however, often misleading. For Frederika, Louise, Thyra, Victoria, Margarita, Sophie, Olga, Cecilia, Isabella, Christa, Princess of Hanover, Princess of Great Britain and Ireland, Duchess of Brunswick-Lünenburg, Queen of Greece and only daughter of the powerful Duke of Brunswick-Lünenburg, is highly conscious of her royal prerogatives and expects to be treated as the royal personage she is by all who ought to know. Many are those who have felt her blue, sparkling eyes turn into cool icicles of royal displeasure.

Examining handicrafts made by girls at training centre she shows interest and enthusiasm.

When an over-friendly American Senator once

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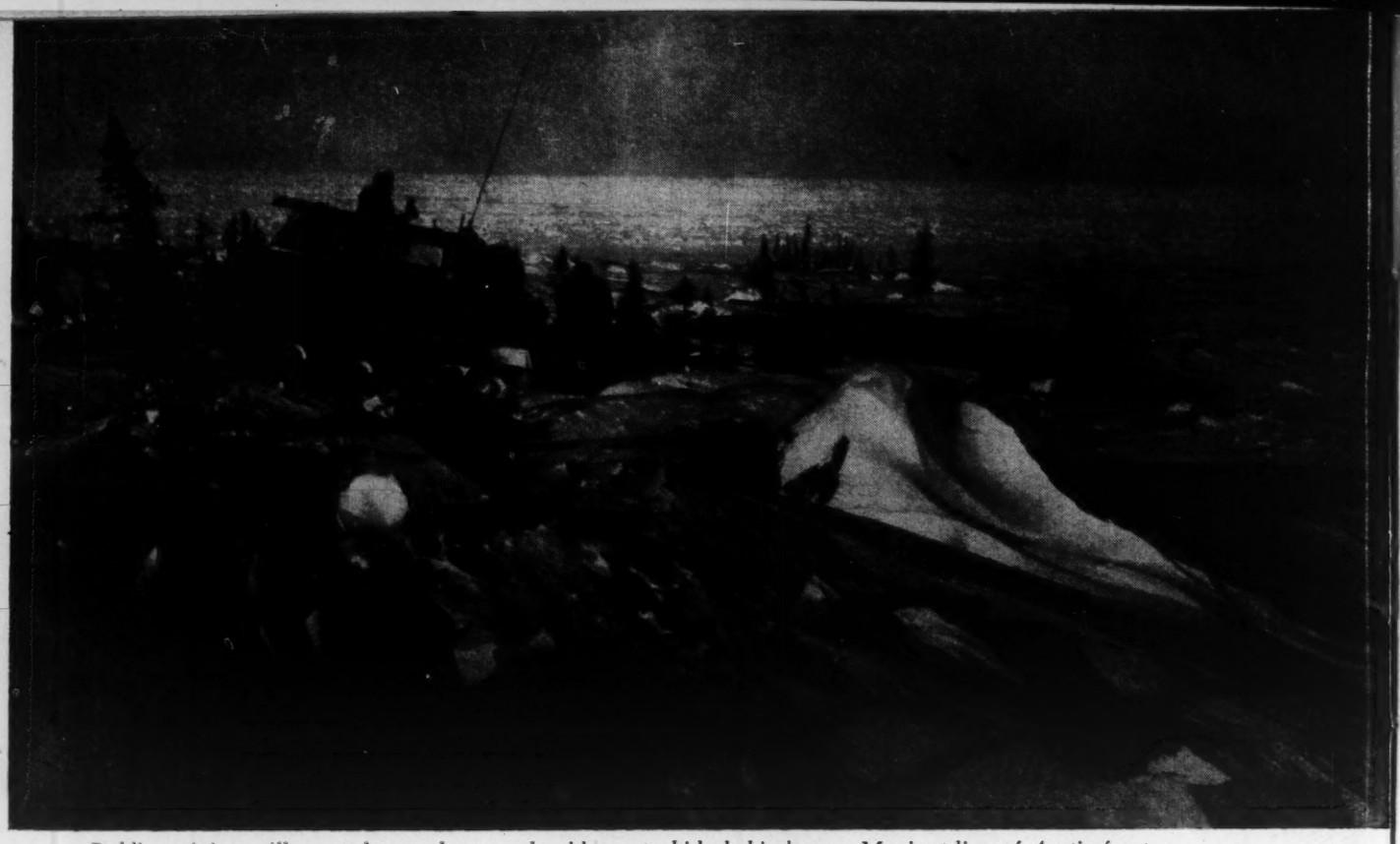

Public opinion will not tolerate that we should try to hide behind some Maginot line of Arctic frost . . .

by Maxwell Cohen

Wanted Now — A Defence Policy

THERE ARE FASHIONS in issues. A decade ago it was "containment" and the shock of discovering the meaning of a cold war after having lived only yesterday with hot battle. Five years later it was the re-organization of Soviet methods garnering neutralist sympathy, following upon the death of Stalin and the emergence of a more flexible and hence more dangerous foe. Today with nuclear power now reaching the point of diminishing returns, where both sides have the capacity to destroy each other's main centers of urban life, the question emerges how shall we organize and spend our men and our treasure in concert with our Allies in a manner where the defence dividends are evident and fit in with economic and political needs as well.

It is no accident that defence policy, even more than unemployment, should loom as the most difficult and controversial issue awaiting Parliament. A moment's thought will indicate why the issue presents so high a degree of unmanageability for purposes of public understanding. For there are at least two or three levels upon which analysis must move. There is, first, the broadest of political questions which asks what is the state of our relations today with the other "camp" and must we live for as long as we can see in the shadow of nuclear conflict? If the answer to this first question, from a Canadian view as a member of the non-Communist camp, is yes, as it must be, then we have no alternative but to organize our lives and resources as if the enemy's threat were an inescapable fact to be lived with for the forseeable future.

This brings us to the second level of analysis. If we are to be armed, with our Allies, so long as we believe the threat to us is a real one, what is the particular use to which our skills, our geography, our resources, and our political traditions should be put to assure the best role for any Canadian participation. On this difficult question, which is a mixed one of both concept and application, too little thinking has been done by leadership. Indeed, it is surprising to discover that some of the most constructive self-appraisals have been going on in the service journals, such as the "Canadian Army Journal" rather than in those other natural forums, Parliament, scholarship or public debate in general.

What is long overdue is a White Paper on Defence

that will present the choices before us and measure their political and economic costs so as to permit a national selection in the real sense of the term. Indeed, the debate over the future of the "Arrow" and the setting-up of the Bomarc bases in Quebec and Ontario can only be meaningful if there is a framework both political, economic and technical within which to fit the present search for sensible answers—whether these answers apply to aircraft, to missiles, to manpower and its uses, to the future employment of the navy and the airforce, to U.S. bases in the Arctic, indeed to the whole gamut of problems that bedevil all discussion now in this prickly field.

To begin with it is necessary to have at least a general defence concept within which to place the Canadian responsibility. It now seems to be agreed by the leading students of strategy in nuclear warefare that a localized nuclear action is not possible. That is to say while there is much discussion of nuclear weapons and their tactical use, it is not likely that if any of the three powers now possessing nuclear arms employs them the others will resort to conventional resistance or retaliation no matter how limited may have been the first nuclear employment. The conclusion seems inescapable therefore, that restricted nuclear warfare is not a probability upon which either side can depend and that, therefore, the employment of nuclear weapons will attract retaliation in kind.

What is more it will not only attract retaliation as such but because of the devastation which thermo-nuclear weapons create the effect of any such hostilities shortly must be global if either side uses, as it must, any part of its territory or that of its allies or supporters to retain a nuclear striking force in reserve. The greater the fear of each other's striking power—which must be the case with nuclear weapons carried by planes or by missiles—the greater the importance of eliminating any reserve capacity to strike, on either sides. The equation, therefore, seems inevitable—namely, the use of nuclear weapons equals retaliation in kind, equals in due course "global" warfare.

These possibilities do not, of course, eliminate the use of non-nuclear forces for limited and local or regional military actions in the service of particular political policies. The best recent examples of such outbreaks were the very extensive action in Korea from 1950 to 1953, the Anglo-French and Israeli actions in Suez and Sinai in 1956 and the recent flare-up over the Chinese off-shore islands of Quemoy and Matsu. Here, in every case, one or more of the participants could in theory have employed nuclear tactical weapons or even weapons of greater strength, but refrained from doing so.

We do not speak here of those special multi-national observer-policing arrangements represented by UNEF or the recent Observation Group in Lebanon. These are strictly non "punitive" military forces enjoying whatever effectiveness they have because of prestige and general international support rather than from any physical power they are able to exert. The conclusion to be drawn, therefore, is that conventional non-nuclear forces have been used and are likely to be used again for special and local situations and that wherever one or more of the great powers are involved, directly or

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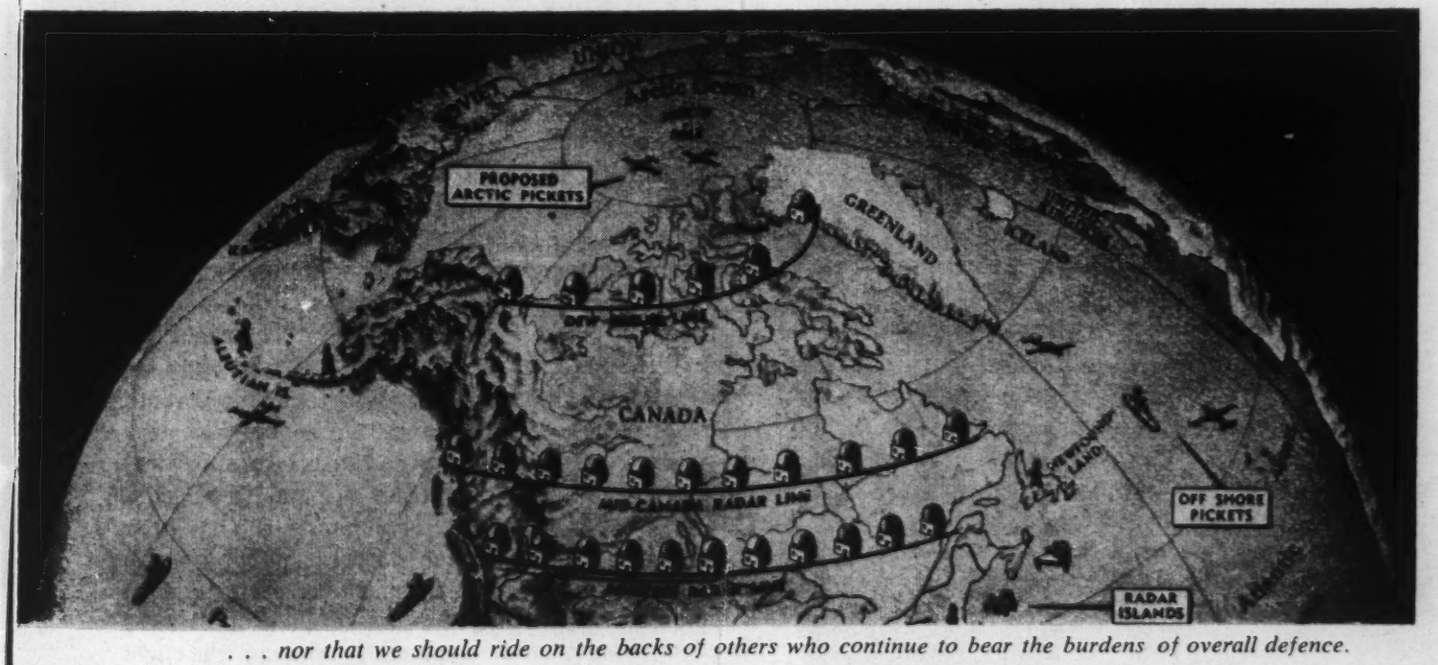
What is long overdue is a White Paper which will present the choices before us and measure their political and economic costs in order that we may make a wise decision.



. . . nor that we should ride on the backs of others who continue to bear the burdens of overall defence.

In time-honored tradition death notices of executed criminals are posted onto wall outside east-end Don jail in Toronto. Curious, morbid crowds often meet.

Is Death Penalty On The Way Out?

by Marcus Van Steen

LAST APRIL A TORONTO murderer had his death sentence commuted to life imprisonment by order of the Minister of Justice, Davie Fulton. The man thus saved a week before he was to have hanged was a 40-year-old labourer Nicholas Rebalkin, who had confessed to beating a taxi driver to death for fifteen dollars. The jury did not recommend mercy. His lawyers did not appeal the sentence. The Justice Minister, therefore, had no reason for saving his life other than his constitutional right to exercise the Sovereign's prerogative of mercy. Since such an action is a cabinet decision, there has been some speculation that Prime Minister Diefenbaker may be putting into effect his strong personal views against capital punishment, even though it remains a part of our Criminal Code. A number of subsequent commutations have reinforced this belief, keeping alive in Canada the great debate for and against capital punishment that has been agitating the minds of many men and women in many countries throughout the world.

It is sometimes thought that the move to end capital punishment is a very new and daring innovation. Actually the trend away from the death sentence started more than a century ago, and in recent years has been slowing down.

In 1847 Michigan became the first modern state to do away with the gallows—a lead that was followed within a few years by Rhode Island, Wisconsin, Belgium, Norway and Ecuador. By 1939, eleven European countries, nine South American nations, six states of the American union, New Zealand and Queensland, had abolished capital punishment. During and since the war a minor reaction set in. Some nations, notably New Zealand, restored the death penalty after years of no executions. But others, including West Germany and Italy, abolished it. Russia, which even under the Czars had reserved the death penalty only for political offences, instituted it for murder in 1954.

Just over a year ago Deleware became the seventh American state to end executions, but in the November election the voters of Oregon defeated a constitutional amendment that would have made that state the eighth. This was a severe blow to the abolitionists who had been declaring that "the weight of American public opinion is against execution as a punishment for even the most serious crimes." Another blow was dealt in the United Kingdom where, after apparently winning the fight

Modern executions are often conducted in courtyard of local county jail. Public is not permitted in.

A gruesome preliminary to hanging in old Scotland was testing the rope, usually with a heavy stone.

Some 35 civilized nations get along without capital punishment. Is there then any reason Canadians need retain the death penalty?

England still keeps a gallows located on Inkpen Beacon on the border of Berkshire and Wiltshire.

against capital punishment, the abolitionists had to accept a Parliamentary decision to retain it for certain degrees of murder. And in Canada, a Parliamentary committee set up to study the question found that the weight of judicial and police opinion was that the death penalty should be retained.

Practically every society in the world has at one time or other exercised the right to put its individual members to death, but until comparatively recent times this was done, not for reasons of punishment or revenge, but in order to get rid of dangerous people who had sinned against the community or the tribal god. In Old Testament days, the death penalty was provided for a long list of crimes, including disobeying one's parents, blasphemy, idolatry, adultery, rape, incest, various sexual deviations and murder. But the killing of a slave was not regarded as murder. A man who killed another's slave had to pay compensation, but if he killed his own slave he was regarded as a rather foolish fellow who destroyed his own property. This might be used to refute the argument that the Biblical commandment "Thou shalt not kill" referred to all people under all circumstances, and that therefore the death penalty is a violation of Divine law.

In Roman law, treason, adultery, sodomy, seduction, rape, official corruption, kidnapping, and forgery if done by slaves were all punishable by death, but not murder. In many nations the only crime that carried the death penalty was treason, and this was the case among the Anglo-Saxons and the Norman invaders of England. However, as often happens where one people have established rule over another, the laws in England became

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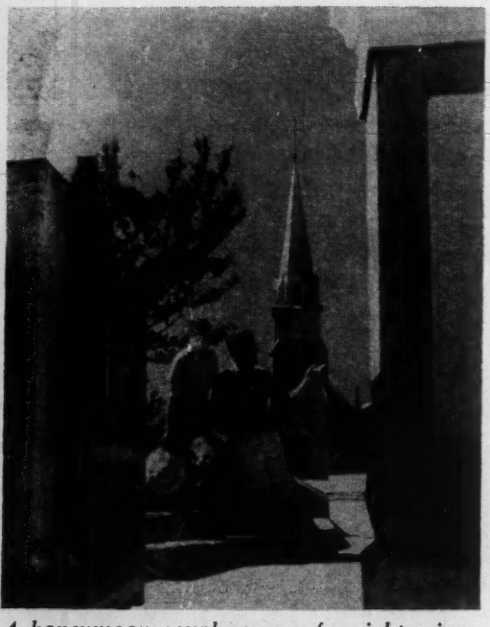
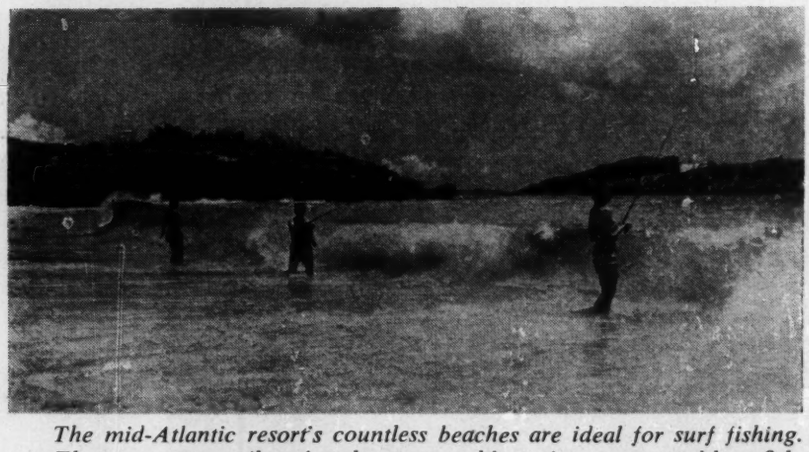
Sandys Parish from the air. A portion of the colorful coral sea-gardens surrounding the colony, foreground.

It's easy to have your own private beach in Bermuda. South shore is dotted with coves behind coral cliffs.

Escape from Winter in Bermuda:



A honeymoon couple pauses for sightseeing at old St. James Church, Somerset Parish.



The mid-Atlantic resort's countless beaches are ideal for surf fishing. There are many miles of such waters and lots of pompano and bonefish.

Bermuda ducking stool. In the early days a form of punishment. Victim was placed in chair and dropped into the ocean.

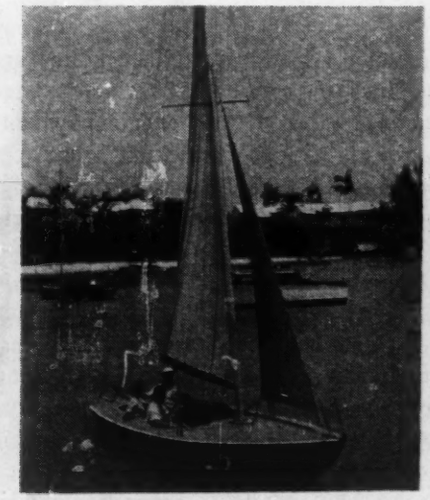
The perfect beginning and ending of an evening of dining and dancing in Bermuda is a moonlit ride in horse-drawn carriage.

Best way to sightsee is in miniature taxi with fringe-on-top. Luxury liner lies at dock in Hamilton harbor.

The Sessions House in Hamilton, with Jubilee clock and tower. Parliament is second oldest in Empire.

Sun and Fun and Coral Beaches

Ocean is at your doorstep, Panoramic view of Horseshoe Bay, Southampton.

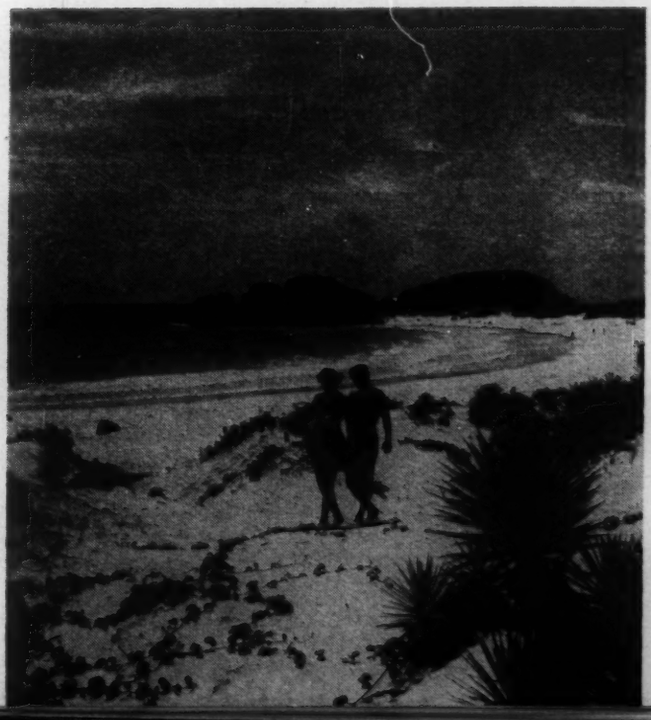


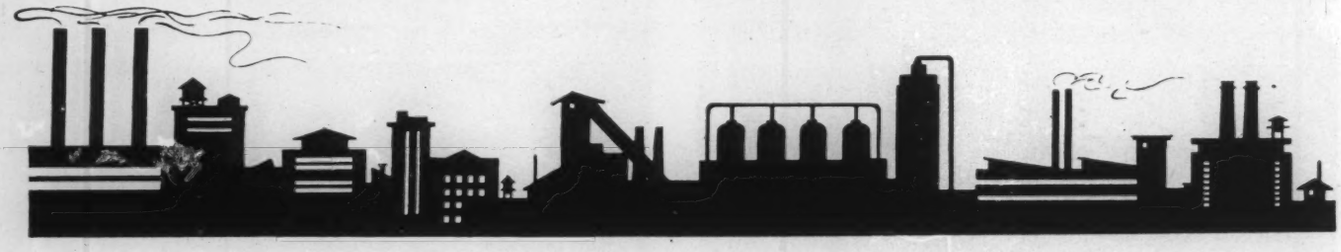
Visitors soon become keen sailors and guide sloops across the water.

Bermuda is a year-round land of flowers with some 1,500 varieties.

College weeks in Bermuda, held in the Spring, are an undergraduate must for Canadians and Americans alike.

You're really on your own on Bermuda beaches, with no crowds and refreshing breezes from Gulf Stream.





How Export Insurance Aids Business

by R.U. Mahaffy

MUCH CRITICISM RECENTLY has been directed at Canada's lack of long-term credit facilities to help finance exports. This criticism, unfortunately, has confused the role of this country's unique Exports Credits Insurance Corporation. It has, in fact, confused the function of the Crown-owned company with that of an export-import bank and even suggested ECIC is somehow to blame for Canadian exporters being unable to compete advantageously in foreign markets.

The problem of long-term financing of Canadian exports is now being attacked at top level by the Trade and Commerce Department as well as by private groups such as the Canadian Manufacturers' Association. But there appears to be considerable confusion as to the role of Export Credits Insurance Corporation: The credit period is not distinguished from the terms of payment.

For example the terms of payment may extend over 10 years but the credit period may be only five years. The Export Credits Insurance Corporation takes the view that credit should not be extended beyond the point where the importer sells the goods.

Actually, ECIC has nothing to do with the financing of export sales. It does, however, offer a unique insurance policy against both credit and political risks—risks which may result in the foreign buyer being unable to make payment for the goods. In this field it is still the only agency operating in North America.

An ECIC policy facilitates financing of export sales through the chartered banks. Armed with such a policy the exporter gets prompt attention; for the bank knows that, in case of loss, ECIC will pay 85 percent of the loss. The exporter assumes the other 15 percent on the principle of co-insurance.

Just what kind of an outfit is the Export Credits Insurance Corporation? Why was it formed? What kind of policies does it issue? How do you go about getting one? What losses are covered? What success has the corporation had in making collections?

Export Credits Insurance Corporation went into operation in 1945 to help the exporter regain and expand his foreign markets. It was designed to help him compete abroad by removing the headaches of non-payment resulting from persistent heavy imbalances in trade and unexpected credit hazards.

No need to recount in detail the history of the post World War II period—the breakdown of multilateral trade; unfavorable trade balances, dollar shortages, limitations on convertibility, quotas and import licensing.

The point is these hazards to foreign trade continue. Not so long ago Sir David Eccles, president of the British Board of Trade, took West Germany to task for resorting to import quotas with "her balance of payments position the envy of Europe".

And the shift from "cash" to credit terms as a result of stepped-up competition in export markets means increased risks of non-payment.

To look at policies issued on capital goods exports, first, Export Credits Insurance Corporation writes specific policies to cover such exports as locomotives, ships,

The Corporation writes specific policies to cover capital goods exports such as locomotives, ships, mine machinery.

Unique in North America, Canada's Exports Credits Insurance Corp. offers a valuable service. Recent criticisms, however, have confused its functions.

mining machinery, cement plants, telephone installations, installation of oil refineries to more than a score of countries.

By "specific policies" is meant an individual policy to cover each contract of sale, since sales of goods of this type are normally the subject of contracts of from six months to a number of years.

At the end of last year there were 30 policies issued for contracts aggregating $37,307,418 and individual contracts ranged from $25,001 to $1,000,001 and over.

Engineering services, an export Canada is anxious to expand, are covered too. Under a 1957 amendment the ECIC Act was broadened to include, among other provisions, a clause authorizing insurance on payments for engineering, construction, technical and similar services; and expenses of installation, procuring materials and labor in connection with export of capital goods and services. It is expected there will be a rising demand for these new facilities.

But suppose you want to export lead pencils, hats or condensed milk. On general commodities sold on short credit terms there are two types of policies offered: the contracts policy and the shipments policy.

If an exporter gets an order for goods to be made to certain specifications or an order for hats, say, imprinted on the band with the name of the distributor, he takes out a contracts policy. This covers him from the time he gets the order until he is paid.

On the other hand, the shipments policy is designed for the exporter who does not need to protect himself against the risk of loss before shipment.

First step in applying for export credits insurance is to submit an application setting out the export sales you hope to make during the next 12 months, in total and by country, and information on sales made during previous years.

Then the corporation sends back a letter of quotation with the premium rate for each country, and terms and conditions under which ECIC is prepared to insure your export sales. For example, the credit period extended to the importer should not be beyond the normal consumption period of the goods.

If the exporter accepts the letter of quotation he pays a deposit of approximately 10 percent of the estimated premium for the year. Branch offices are maintained in Montreal, Toronto and Vancouver.

Export Credits Insurance Corporation expects you, the exporter, to maintain adequate records. This policy, by the way, has awakened management to the laxness of the credit department—a vital link in the management-sales-credit chain.

The exporter's credit information is supplemented by ECIC data on thousands of buyers in foreign countries from some 16 different sources. This alone makes ECIC a valuable adjunct in export trade. Every six months a check is made through a different source. If this information is unfavorable on a particular buyer, policyholders who are shipping to this buyer are immediately informed.

When you take out an ECIC policy you are expected to subscribe to the policy of co-insurance. Under this principle the corporation pays up to 85 percent of any loss, and the exporter bears the other 15 percent. In this way the exporter retains an interest in the account and is restrained from granting indiscriminate and reckless credit.

You must also insure all your exports to all countries —except those to the U.S. This is because of the well-known insurance principle of "spreading the risk". Exports to the United States are excluded because insurance coverage is obtainable from commercial companies for U.S. sales. Also exempt are cash deals; export sales covered by irrevocable letters of credit.

On occasion ECIC has found exporters attempt to exclude their oldest accounts. In one case a man the exporter had described as belonging to "the third wealthiest family" in a foreign country ran into financial difficulties and was unable to pay. This exporter was glad he had listened to ECIC and taken out a policy anyway.

What losses are covered by Export Credits Insurance policies?

ECIC insures risks arising from insolvency of the foreign buyer; failure of the buyer to pay up within 12 months; blockage of funds or currency transfer difficulties; war or revolution; or any other cause outside the control of both the exporter and the buyer such as the sudden imposition of an import license or import restrictions.

CONTINUED ON PAGE 35

Items covered may be as large as ships as intangible as engineering services or as small as lead pencils, hats.

Books

by Robertson Davies

John O'Hara: Realism not reality.

Two Ways With a Novel

The tendency is to become more personal as novelists gain more mastery. If they do not it is because they have taken a (rare) vow of chastity in this respect.

THERE IS NO single correct way to write a novel. Attempts have been made to extract from many good novels a set of rules which could apply to all novels, but none of them has proved lasting or helpful. Novels must be judged by the effect they produce on their readers, and these results must in their turn be tested by consideration of who those readers are, and what they are looking for. And the fact must be faced that not all novelists, however good, appeal to all readers, however discriminating, for there are considerations of personality in matters of reading which cannot be set aside. Unless novelist and reader have some grounds of mutual liking, they cannot unite to give, and receive, pleasure.

Attempts have been made for many years to reduce this problem of personality, by insisting that the novelist conceal, so far as possible, whatever personality he may have. He must not intrude in his story; he must not pass judgments on his characters; he must not allow his personal opinions and preferences to appear in any way. Of course this is laughable nonsense, for such a work of art as a novel is necessarily an expression of a temperament, but it has had a surprising vogue; many novelists have done their best to write in this fashion, and many critics have praised them for it.

Such writing does not follow the high-road of English novel-writing, as exemplified by Fielding, Sterne, Smollett, Dickens, Thackeray, George Eliot, Trollope, Melville, James, Meredith, Arnold Bennett and indeed most of the great men in this realm of art. The tendency of novelists is to become more personal, more present in their books as they gain mastery. If they do not it is either because they have taken a special vow of chastity in this respect (which is rare) or because they really have nothing to offer except the tale they tell (which is common). Two books are at hand which demonstrate the two directions a novelist can take.

The first is John O'Hara's giant tale *From The Terrace*, which a New York *Times* critic says puts O'Hara close to Chaucer as a story-teller. I think I must have read Chaucer more recently than the *Times* man and the resemblance eludes me. This very long book—897 pages or more than 600,000 words—recounts in wearisome detail the life until middle age of Alfred Eaton; his childhood, school-days, college days (at Princeton), his rise to power in the financial world, his experience as Assistant Secretary of the U.S. Navy during the Second World War, and his loss of grip in middle life are given to us in the equivalent of six substantial novels, and I for one had tired of this tawdry creature well before the middle. This is distressing, for the writer who began his career with that fine novel *Appointment in Samarra* should now be at the very top of his form.

What is wrong? Devotion, I think, to the ideal of keeping himself out of the novel, combined with an attempt to apply realism to a book far too long for that approach.

Realism is a manner of writing which has given us much that is admirable, but most often in small compass. That great realist Frank O'Connor, to name but one, can imply a whole life and the development of a character in a short story. He does it by compression—but cutting out what has no relevance. O'Hara attempts to do the same thing in this heavy book by heaping up details, and he becomes the creature of his details. He cannot resist a footnote on page 137 which tells us what examinations his hero had to pass to get into Princeton; he takes immense pains to get the clothes, the popular songs, the drinks and the kinds of cars all correct. He seeks verisimilitude by bringing in real people, like Heywood Broun and Dorothy Parker; he lugs in a reference to his own book *Pal Joey*, and a minor character is a film magnate, Newton Orchid, who comes from Scott Fitzgerald's *The Great Gatsby*.

His fidelity to detail makes him reproduce long conversations in very much the disordered, ill-thought-out, half-literate prose in which such conversations would take place. The love-making of Alfred Eaton, which he pursues with the unrelenting lubricity of a stoat, is described in detail (though here realism falters for O'Hara makes his hero the kind of man who causes his women to shout their ecstasy, and learned writers agree that this kind of prowess is rare in men who are failing in other respects). But this mountain of realism affords no comforting crumb of reality. Like a play produced by the late David Belasco, the realism is applied to something which is essentially unreal.

The book tries to cover a large area of human experience but it offers nothing whatever of the human spirit. The characters are people of ordinary intellect, and rich; such people may well be deeply interesting, but not if we are given what amounts to an uncut, unshaped documentary film of their lives. Without the emphasis which is afforded by some moral standard implicit in the novel, or some insight into human nature expressed either directly by the author or through his characters, this long story remains a tedious mass of detail.

We do not care that Alfred Eaton goes to pieces, for he has never enjoyed any convincing integration. Such men often do, in fact, come unstuck in their forties or

fifties, but O'Hara chooses not to say anything about that. The consequence is that his characters seem to live wholly base lives, though our experience of similar people tells us that in reality this could scarcely have been so. Some glimmer of spirit lurks in every breast, and the realism of this novel fails because that glimmer is never revealed.

"When I meet an Irishman and I get that instinctive feeling that I can't trust him, I know he's a Mick", says one of O'Hara's characters. This line might have served as the epigraph of Miss Honor Tracy's latest novel, *The Prospects Are Pleasing,* which is devoted to comment on the crookedness, treachery, moral degradation, ignorance, hypocrisy and humourlessness of the Irish people. It reminds me of the way Caradoc Evans used to scald the Welsh, except that it is riotously funny, and Evans was bitter as gall.

Miss Tracy has been getting nearer to the great tradition of the novel with every book she has written. *The Straight and Narrow Path* was about the complexities which arose when a rural priest installed a new bathroom; the new book has even less plot and more hilarious comment. Indeed the plot is a mere anecdote; a deluded lad called Tommy O'Driscoll goes to England to steal a painting from the Tate, which the wicked English seem to be withholding from its rightful owners, the Irish; he bungles the job, but an obliging Englishman steals it for him, and when the Irish artistic authorities get hold of it they distinguish themselves by hanging it upside down. This is not much more than a revue sketch, but Honor Tracy adorns and enriches it with a splendid gallery of characters, and every one of them is alive. Even if they are shown briefly, in a single scene and a single mood, much is indicated: we know these people and what is more we like them.

Even O'Driscoll, who is a weak sponger, a neurotic dreamer, a creature of base spirit, is likable; we understand how he gets away with it. Only the English people in the story fail somewhat in this respect; they are too superior, too good-natured, too obviously concocted by a witty Irish novelist as scorpions with which to afflict her own race.

In abut one-seventh the length of *From The Terrace* Miss Tracy has given us a book that lingers pleasantly in the mind. She breaks all the rules beloved of doctrinaire critics: she intrudes herself and her opinions; she offers moral judgements and changes her point of view; she obviously manipulates her plot to give us and herself a high old time. But the indisputable fact is that her book lives, and her characters can be remembered, and this is because she is hugely interested in life and, being a part of life herself, sees no reason why she should not spill over into her book. Great novels will always be written in this spirit, though this is not one of them. But for the super-realism, the low key and the sullen view of humanity which shows through O'Hara's latest book, I can see little future.

From The Terrace, by John O'Hara—pp. 897—*Random House—$6.95.*

The Prospects Are Pleasing, by Honor Tracy—pp. 224—*Ryerson—$3.25.*

For Happy Scholars

The Odyssey: A Modern Sequel, by Nikos Kazantzakis; Translation into English Verse, Introduction, Synopsis, and Notes by Kimon Friar; Illustrations by Ghika —pp. 776—*Musson—$11.00.*

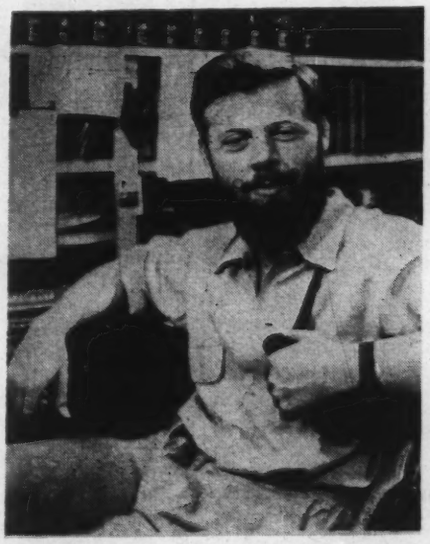
Since Homer's *Odyssey* has fructified the imagination of man in about the same proportion as the sun has influenced life on earth, the great orb is properly praised here in what is surely literature's most extended metaphor and longest allegory.

Odysseus cannot stay in Ithaca when he has finally won his way back after the long years of wandering, but sets out on a voyage until death to win his way even beyond freedom. In taking his voyages for his native land, Odysseus embraces with both joy and suffering the whole of life, and, aged in the answerless search for God, finally subdues his human pride. After testing all the answers of men through the ages, he is satisfied at last to accept mortal life as "tragic joy", symbolized by a handful of earth.

Because it also seeks to embrace the whole of life in every age, this modern sequel to the *odyssey* is romantic, philosophical, realistic, psychological, dramatic, mythological, baroque, ironic, cruel, pathetic, richly and completely descriptive; and deserves innumerable other epithets. This magnificent poem is both a worthy sequel to Homer and a worthy rival of Joyce.

The happy scholars may gather round.

M.A.H.



Farley Mowat: Characteristic prose.

Short Reviews

Brave New World Revisited, by Aldous Huxley—pp. 147—*Clarke, Irwin—$3.50.*

Like some genial, learned ogre, Mr. Huxley sets out to make our flesh creep with a consideration of what modern science makes possible in the realm of human degradation and enslavement. It is appalling, and never more so than when he writes "Many young people, it is true, do not seem to value freedom". This is scientists gloom however; humanists have seen science stub its toe before. S.M.

The Weather Family, by Edgar Mittelholzer—pp. 339—*British Books—$4.*

Twelfth novel of its brilliant author, this one is a disappointment. The family of the title, the Larches, live in Barbados and their scientific and emotional preoccupation is with the weather; not only do they record it faithfully—they brood over it and respond to it. Understandably the approach and consummation of a hurricane is a big thing for them and their friends, but the excitement which gets through to the reader is mild. B.E.N.

Agee On Film, by James Agee—pp. 415, photographs—*McLeod—$7.*

Collected film criticism is rare, because good film critics are even scarcer than good theatre critics. Here is what Agee wrote for *The Nation* and some of what he wrote for *Time.* He loved movies, and considered them an art form, but never was precious about it. In the vast but trashy annals of that amusement this book has lasting value, as criticism and writing. S.M.

Breakfast At Tiffany's, by Truman Capote —pp. 178—*Random House—$3.95.*

A short novel and three stories in the author's best manner, which is intimate, spare and poetic. Holly Golightly in the novelette is a fine creation in the "lost lady" realm, reminiscent of Isherwood's Sally Bowles. Minor but first-rate of its kind. B.E.N.

The Grey Seas Under, by Farley Mowat —pp. 341, end-paper maps—*McClelland & Stewart—$5.*

The story of the deep-sea salvage tug Foundation Franklin, in peace and war is a splendid tale of Canadian adventure, unknown to most Canadians. Farley Mowat tells it in his characteristic prose—rhythmic, dramatic yet restrained, and only occasionally drifting toward the style of the *Boy's Own Paper.* The last adventure of the Franklin in 1948, which finished her, is poignant. B.E.N.

Chess

by D. M. LeDain

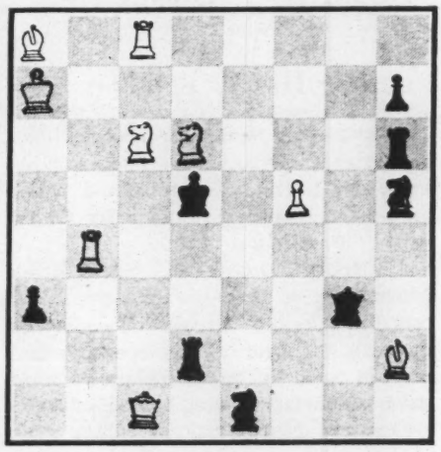
IN THE MIDDLE AGES the Church condemned chess for its apparent time-consuming uselessness and association with gambling, then prevalent. Also repugnant was the warring theme and "Morality Sets" were manufactured employing different symbols. Opposition died out by the end of the 15th Century but to-day in predominantly Catholic countries the Bishop piece is replaced by a Jester (le Fou).

The winner of the following game later became Pope Leo XIII (1878-1903), noted for his sympathy with social reform.

White: Rev. Fr. Guila, Black: Joachim Cardinal Pecci. (Perugia, about 1875).
1.P-K4, P-K4; 2.Kt-KB3, Kt-QB3; 3.B-B4, B-B4; 4.P-B3, Kt-B3; 5.P-Q4, PxP; 6.P-K5, P-Q4; 7.PxKt, PxB; 8.Q-K2ch, B-K3; 9.PxKtP, R-KKt1; 10.PxP, KtxP; 11. KtxKt, BxKt; 12.Q-R5, Q-B3; 13.Castles, RxP; 14.Q-Kt5ch, P-B3; 15.QxKtP, RxPch; 16.KxR, Q-Kt3ch; 17.K-R1, B-Q4ch; 18.P-B3, BxPch, and mates next.

Solution of Problem No. 208 (Weenink). Key, 1.Q-K3.

Problem No. 209, by Rev. Dr. G. Dobbs. White mates in two. (9 + 8)



Puzzler

by J. A. H. Hunter

HIS MOTHER showed Simple Simon two stamps. "Run over to the drug store and get me some stamps," she said, giving the boy 61c. "Five of these and the rest of those."

Of course Simon had to get it wrong. When he returned, he handed his mother the stamps and also two pennies.

But she checked before saying anything, and then realised what Simon had done. "It's not quite what I wanted, but never mind," she laughed. "You got the right two values, but five of the wrong ones. It's just as well I didn't ask you to get any one cent stamps."

Poor Simon! After all, he had saved his mother two cents although she did not receive as many stamps altogether as she had expected.

So what stamps did Simon buy? (91)

Answer on Page 36.

In Other Words!

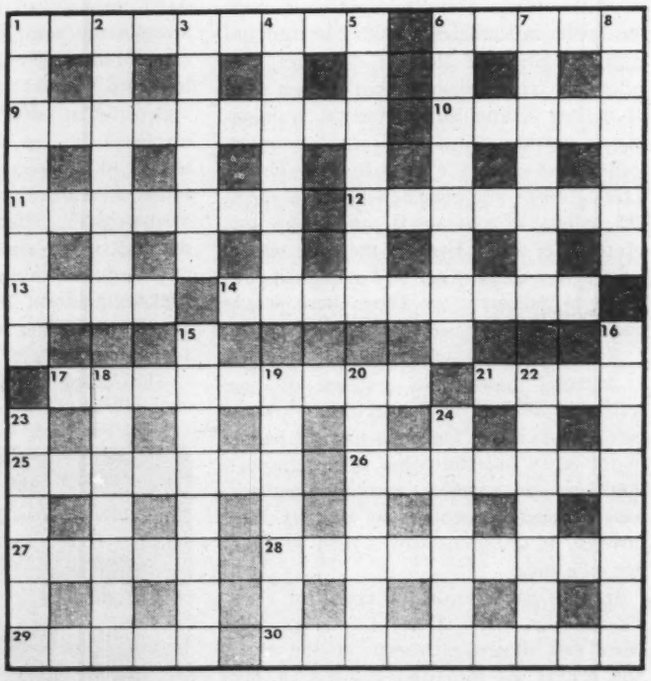
by Louis and Dorothy Crerar

ACROSS

1 Spent by a German on reading matter? (9)
6 This vessel returns to quiet waters. (5)
9 His death caused great grief in birdland. (4, 5)
10 In musical comedy she appeared to be in dire need. (5)
11 A fetching kind of person. (7)
12 A toss could? (7)
13 It came between the west and you, dear. (4)
14 Hired the red car? (9)
17 Grant the movie actor a pill to take internally. (9)
21, 23 Is it so wicked to have extraordinary mental powers? (4, 6)
25 Erect in a new position (7)
26 There's naturally a bar, etc., in this place of entertainment. (7)
27 Where to find a mixture of dog strains? (5)
28 I take nut and rivet in turn to make one fit. (9)
29 Reverse the postscript where it is always found. (5)
30 A craft one may carry to extremes when confined inside. (9)

DOWN

1 Determination seen in a retreating skeleton? (8)
2 Bloomers worn alternatively by children, by the sound of it. (7)
3 The beginning and end of a miraculous age may be just an illusion. (6)
4 The Phoenix undergoes it from its ashes. (7)
5 Does it serve any port in a sandstorm? (4-3)
6 Even a slender little edition may be cut. (8)
7 To a peer it may appear work. (7)
8 Asleep? Turn over! I've asked you nicely. (6)
15 To be so, may give one cause for reflection. (8)
16 The food of fools, according to Jonathan Swift, is rather dull to begin with. (8)
18 It's just the thing! (7)
19 Concise, yet one wouldn't term the Concise Oxford Dictionary so! (7)
20 He has to remember his relations. (7)
22 The operatic composer had very little money at the end. A judgment, no doubt. (7)
23 See 21.
24 Do a favor by scrambling a boiled egg, not aged. (6)



Solution to last puzzle

ACROSS

1 Stomach
5 Animal
9, 21 Special delivery
10 Etesian
12 Load
14 Icons
15 Idea
17, 19 Stamping ground
18 See 23
19 See 17
21 See 9
23, 18 Post Office
24 Scala
25, 23 Last post
25, 27 Last lap
26 Clauses
28 Enabled
30, 6 Postal notes
31 Ascends

DOWN

2 Tip
3 Macadam
4 Clarified
6 See 30
7 Mastiff
8 Lea
11 Long
13 Ontario
16 Encores
18 Oil paints
20 Untruss
21 Dead
22 Voluble
24 Sheba
27 See 25
29 End (458)

The Lively Arts

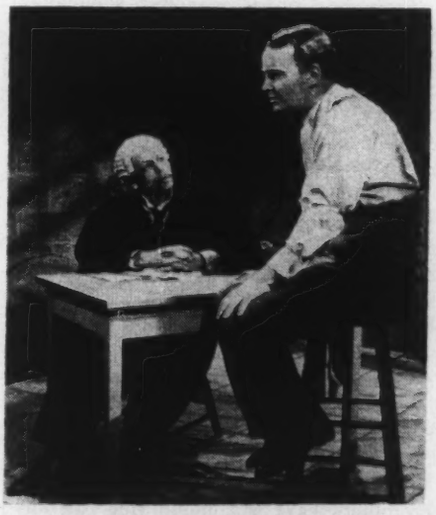
by Mary Lowrey Ross

The Fringe Audiences

NOT LONG AGO a guest panellist on "Fighting Words" was called to the studio telephone the moment the program went off the air. The caller, who was in a particularly stormy mood, continued the argument on a high note and presently threatened to see that the panellist was fired from the CBC. "But I'm not employed by the CBC," he said mildly. "Oh drop *dead!*" she wailed, and hung up.

For some reason "Fighting Words" tends to rouse in some quarters a belligerency that would be invaluable if it could be transferred to the program. There is, for instance, a popular legend that the panel consists exclusively of professors; and for some televiewers professor itself is a fighting word. Actually the program insists only on a high degree of literacy and includes on its panel government experts, actors, writers, publishers, anyone in fact adequately equipped to handle words, ideas and discussion. Unhappily literacy, particularly when identified with egghead, longhair or highbrow, is a fighting word of the first order, an instant challenge to launch derisive spitballs at dedicated ivory towers.

It must be added that critics of this type represent a small though volatile minority. The regular followers of CBC's unsponsored programs—"Fighting Words", "Close-Up", "Folio", etc.,—are usually sparing in their comments. They can easily be roused however by any threat to a favorite program, and they can be trusted to rally instantly and volubly to its support. The members of this group, a wide one, are prepared to follow a program with interest and curiosity even when its subject matter is considerably over their heads. e.g. the recent Science Series on "Explorations".



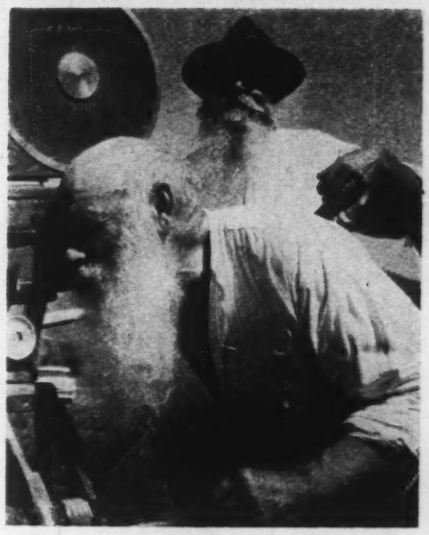
"Folio": Eric House and Douglas Rain.

These programs were presented as far as possible in popular form. Thus "The Origins of Life" came complete with charts and drawings illustrating chiefly the evolution of Eohippus, that faithful Dobbin of the popular Darwinian lecture.

"Explorations": "The Arrow of Time."

In "The Arrow of Time" Lister Sinclair made use of a deck of cards, which he shuffled to demonstrate the irreversibility of natural phenomena and the specific trend from order to disorder. While it is extremely unlikely that anyone unfamiliar with the Boltzmann theory derived much more than a smattering of confusion from "The Arrow of Time", the program was continuously absorbing, much as a "popularization" of the Einstein formula $E=Mc^2$ might be absorbing—if only because of its portentous relevance to our continued existence on earth. Science these days is drafting some very unlikely pupils.

"Explorations' " "Music to See" will be followed by programs on Canadian architecture, on Schizophrenia and on Masks. Like most of the programs under the Public Affairs department, it continues to attract an audience large and faithful enough to make these productions worth while. Most producers of non-sponsored films however admit that Canadian television would suffer disastrously from a



"Close-Up": Doukhobor with camera.

preponderance of educational and informational films. For everyone likes to make his own choice and no one, however accessible to education and information wants a welfare state to make his choice for him.

From the producer's point of view the chief advantage of the non-commercial film is that it is more or less independent of the rating system.

Under the rating monopoly, documentary programs tend to follow a sort of Boltzmann pattern of their own, with irreversible trends leading from order into disorder. On the American networks certain programs are mandatory, as their rather peremptory titles suggest . . . "Meet the Press", "Youth Wants to Know", "Face the Nation", etc. Most American documentaries however are commercially sponsored and so are expected to be self-supporting, an activity for which they are probably as badly fitted as ballet, opera or symphony orchestras. "The Seven Lively Arts" and "See It Now" both had appreciative, though special audiences, but unhappily their rating trend wouldn't support them. "Omnibus" still makes its Sunday appearance, but its future is probably precarious.

The CBC is less susceptible to rating pressure, and consequently more sensitive to the demands of special groups, than its American counterpart. It can't promote weekly programs on the scale of "See It Now" but it can keep alive the more modest production which meets the needs of the same audience. Generally speaking, its ideal is to present entertainment for the non-serious together with serious material, entertainingly produced. Most of the producers in the Public Service Department distrust the rating system, but they try as far as possible to equate it with less mechanical tests of public approval. They believe that in any survey the literate fringe is at least as wide as the lunatic fringe, and they are admittedly prejudiced in favor of the former.

Gold & Dross

Betting on nickel markets — Montreal Stock Exchange campaign — The world outlook for copper — Massey-Ferguson sales in the U.S.

Sherritt Gordon

What is the outlook for a nickel producer like Sherritt Gordon? One can hardly be bullish on the nickel market in view of the way in which the International Nickel strike dragged on. This would seem to imply that the world's largest nickel producer was not particularly concerned about the loss of production.—S.D., Victoria.

All free-world nickel producers are betting that International Nickel, which pioneered the market for nickel, will continue to develop new uses for it. Inco itself is betting on this by its pouring of $200 million into further productive facilities in Northern Manitoba. The strike hit it at one of the valleys in nickel consumption. The experience of the past has, however, been that the valleys lead to successively higher plateaus.

Sherritt is a soundly-established company with substantial ore reserves and an economical process of making metal. The latter is emphasized by its recent reaching of an agreement with Societe Anonyme Le Nickel, now building a new nickel refinery at Le Havre, France, to use the Sherritt refining process under royalty. This firm is the oldest nickel company in the world, its production being won from lateritic ores in New Caledonia.

Operating profit of Sherritt Gordon for the September quarter increased to $1,877,603 from $1,697,844 for the preceding three months but showed a decline from $2,460,510 in the third quarter of 1957. But despite the improvement in operating profit, net earnings for the September quarter showed only a slight increase over the previous three months, $853,097 versus $852,816. By comparison net for the third quarter of 1957 was $1,515,592.

The September quarter rang up the highest sales revenue of any quarter this year. At $5,350,458 it represented a boost of $932,973 or 21% over the June quarter. This was, however, largely offset by a rise of $735,214 in costs.

Production at the nickel mines at Lynn Lake in northern Manitoba continued at a fairly normal rate throughout the September quarter. The Saskatchewan, Alta. metal-making plant operated close to capacity throughout the period. Nickel concentrates purchased from North Rankin Nickel Mines started arriving at the plant in September. Shipments from Western Nickel ended early in August following shutdown of that mine.

With deliveries of nickel on long-term contracts taking the bulk of output, the company has succeeded in selling most of the balance of current production.

Sherritt's net for the nine months was $2,557,276 or 22.5 cents a share.

Exchange Campaign

I am handing you a clipping of an item from a daily paper about a campaign of investor education on which the Montreal and Canadian Stock Exchanges propose to embark next year. Your comments would be appreciated.—D.R., Toronto.

The proposed campaign would have as its object the promotion of investment by Canadians in Canada. This is highly commendable. President H. G. Norman on the Montreal Stock Exchange thinks that the campaign will also serve to stop "a lot of this cavilling about foreigners owning the country."

While a stock exchange has no securities of its own to sell (all it provides is a regulated open-auction market) it has an interest in widening the base of securities ownership. This would create more revenue for it just as an auctioneer's commissions increase if he can attract more buyers and sellers to his sales.

From a national economic standpoint, the proposed campaign has great implications. The modern economy depends on a continued flow of investment capital into industry. In the past, the rich have financed industrial expansion by securities purchases but income taxes have reduced their purchasing power.

On the other hand there is today a vast number of well-paid wage and salary earners and professional people who have saved money but don't invest it effectively because they are either ignorant of or have wrong notions about investments and stock exchange machinery. A grave danger lurks in this situation of unemployed money since there is always a chance that it will be diverted into unsound speculations. When these blow up, as they do when the promoters have got home free, the disappointed speculators vow "never again"

and industry is deprived of their financial support.

The Montreal campaign will aim to educate the man on the street to use of the stock exchange to acquire an equity in Canada's industries. A similar campaign has been conducted with success by the New York Stock Exchange.

One thing about the proposed Montreal campaign is open to question. That is the wisdom of the Montreal Stock Exchange teaming up with the Canadian Stock Exchange. These two groups have widely different listing requirements.

In recognition of the unwisdom of trading speculative cats and dogs cheek by jowl with blue chips as is now the case in Toronto, the Montreal Stock Exchange some 30 years ago created the Montreal Curb Market, subsequently renamed Canadian Stock Exchange.

One of main distinctions between the listings on the two markets is that the Canadian Exchange permits the use of its facilities for primary distribution, whereas the Montreal listings represent secondary training. Quotations in a primary-distribution market are promoters' prices and are no better than a promoter's financial capacity to support his bids and his luck in effecting distribution. On the other hand secondary trading represents the play of supply and demand by the public.

Considerable attention will be paid the Montreal effort at financial education. It will be interesting to see what success it has in attracting financial writers who are capable of engineering effective communications with the public, the vast majority of which seems to think of a stock exchange as a numbers game.

Outlook for Copper

I am an executor of an estate owning several producing-copper shares, including Noranda, Hudson Bay and International Nickel, and would appreciate your views on the outlook for copper.—K.A., Winnipeg.

The copper market has recently become active after several months in the doldrums.

Crippling strikes at foreign producers, along with the increase of U.S. domestic consumption, have created the threat of a temporary shortage of the red metal.

The price of copper has risen more than 20% since mid-1958. The drastic production cut-backs instituted at U.S. mines during the past two years have been quickly restored. In Canada there has been a resumption of copper property development.

Increases in output and prices will reflect in a major recovery in earnings and dividends for the copper companies in 1959.

A few months ago, copper people were concerned about low prices. Today they're

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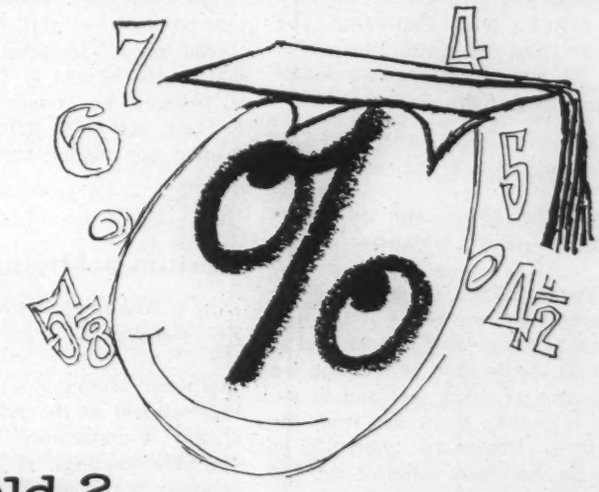

Yield ?
Growth ? Security ?

Securities in a portfolio should not be selected entirely on individual preference, but should include bonds and stocks which provide yield, growth and security – and in correct proportion to your requirements.
If you are interested in building a portfolio, or in reviewing your present holdings, just write or phone . . .

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apprehensive that the resurgence in prices will produce a recurrence of the wild advance of 1955-56, which resulted in an eventual collapse of the market.

The copper situation was recently summed up by the Value Line Survey:

While eventual success of the copper industry's efforts to realign supply with current demand depends on the timing and duration of any future strikes (wage contracts in the U.S. mines are due to expire in July; Chilean a few months later), the Survey sees some important factors that should militate against another uncontrolled price spiral.

First, although inventories in hands of ultimate consumers were largely depleted, producers' and fabricators' stocks until recently were considerably above required levels, and have probably not been drawn down to subsistence levels.

Secondly, there still exists significant unused mine capacity. Also, the important part of domestic output (about 140,000 tons annually) until recently diverted to the U.S. strategic stockpile is now being made available in the open market. Moreover, the British Government has announced the forthcoming release to private consumers of 12,000 tons from its stockpile to ease the temporary strike-caused shortage in the United Kingdom.

Finally, because the fantastic 1955-56 price run-up caused a grievous permanent loss of markets to lower-priced aluminum, the copper industry is aware of the need to avoid extreme price fluctuation. The unexpectedly quick and drastic increases in output of the copper companies indicates this, the survey concludes.

Upper Canada

Please bring me up to date on Upper Canada Mines.—R.B., Edmonton.

Upper Canada Mines is deepening its shaft to open eight new levels at 150-foot intervals below the existing bottom level at 3.625 feet. It should soon be reaching the depth objective of 4,825 feet and in the meantime is putting holes out from the shaft stations. Downward continuity of the main ore has been indicated for 750 feet below the present bottom operating level and expansion of the ore measures with depth has also been indicated.

Massey-Ferguson

Is Massey-Ferguson looking any better? —B.H., Sherbrooke.

Massey experienced a sharp reversal in its operations in the year ended October 31, 1958. When all precincts have reported in, the company will probably show earnings for that period of more than $10 million or 95 cents a common share. By comparison, it lost $4.7 million in the previous fiscal year.

The improvement in the 1957-1958 year largely reflects world-wide sales at a new peak—$440 million, an increase of six per cent over the preceding year. But also entitled to some of the credit is a reorganization program commenced in 1957, and now largely completed.

It is noteworthy that sales in the U.S. in the latest fiscal year showed a rise of $40 million over the previous year, partly as a result of the end of the long drought in the high plains area. Sales in Canada are estimated to have been on the level of the previous year as a result of big business in the fourth quarter offsetting poor sales in the first nine months.

United Asbestos

Any chance of dividends in the near future from United Asbestos? — M.D., Vancouver.

Although Lake Asbestos has brought into production the Black Lake Asbestos property in which United Asbestos has an interest, the latter cannot look for income of a substantial nature from Lake for at least a year. This is because of the extent to which costs of bringing the property into production outran estimates. Additional sums must thus be repaid by Lake before earnings are available for dividends.

The Lake plant started production on a tune-up basis several months ago and should reach satisfactory production efficiency by the end of 1958. Lake, which is financed by American Smelting and Refining, spent $35 million to reach production and United had earlier spent $2 million.

Maritimes Mining

How is Maritimes Mining making out?—J.G., Calgary.

Maritimes Mining is a beneficiary of the improvement in the price of copper and if this is maintained should show respectable earnings. It is more than an ordinary beneficiary at present because of a delay in smelting copper concentrates produced as far back as last January. The delay was partly the result of a strike and the net effect is for Maritimes to be receiving 29 cents a pound for copper instead of the 25 cents prevailing when the metal was mined. Exploration of the property is producing encouraging results.

Montreal Locomotive

Is Montreal Locomotive a good investment?—B.J., Windsor.

Montreal Locomotive's backlog of unfilled orders declined to $18.5 million at the end of the September quarter from $24.7 million three months earlier. The backlog was, however, adequate to assure a good level of production in the final months of 1958 and the first half of 1959. Additionally, officials were hopeful that substantial orders for 1959 would materialize from quotations currently outstanding.

The company's profitability is dependent on the tempo of equipment buying by the railroads. Operations have been good in 1958, with net profit for the nine months to September 30 amounting to $1,267,000 or $1.81 a share versus $1.72 a share in the like period of the previous year. There are 700,000 shares outstanding, and this is backed by a strong liquid position: $8,727,000 at September 30 versus $7,697,000 a year earlier.

Fatima Mining

How do you regard the chances of Fatima Mining Co?—J.S., Hamilton.

Fatima Mining is a speculation on the chances of an economic body of nickel being developed on a property 20 miles south of Timmins, Ont., upon which drilling has indicated interesting values.

The company is receiving financial support to the tune of $625,000 as a result of an underwriting of 400,000 shares at 75 cents a share, 200,000 at $1 and 100,000 at $1.25. As part of the financing agreement the company granted the underwriters an option on a further 700,000 shares at prices ranging from $1.25 to $2.

The work which the financial agreement is enabling should do much to provide information upon which the future chances of the property can be assessed.

The current condition of the market for nickel must be considered.

In Brief

What is the status of Thompson-Lundmark's tantalum property in the Yellowknife area?—M.H., Brockville

In the deep freezer pending improved transportation to the district.

Is Golden Age Mines operating?—S.R., Toronto.

Assessing an asbestos property near Beauceville, Que.

What's Fenimore doing, if anything?—V.O., Ottawa.

Plans further drilling of Quebec iron property after the breakup next spring.

Hear anything about Zenmac?—D.G., Vancouver.

Looking at claims in eastern Quebec for beryllium possibilities.

Insurance

by William Sclater

Hospital Plans

What is the premium in Nova Scotia for the new hospital plan? Are all the provinces in Canada giving this protection?—R.D., Toronto.

Seven provinces have signed up under the national hospital insurance plan. Only Quebec, New Brunswick and Prince Edward Island are still outside it. Nova Scotia differs from Ontario in that all residents of the province are covered; it is only compulsory in Ontario for establishments employing 15 people or more, though any individual not otherwise covered may register personally. In Ontario the premium for a single person is $2.10 per month and for a husband and wife $4.20 per month. In Nova Scotia the plan is being financed by a three per cent sales tax on certain non-essential classes of commodities and there may be an additional one per cent tax added to tobacco and liquor.

Veterans' Cover

What is the maximum limit of veteran's insurance which a former member of the armed forces may purchase?—A. K., Edmonton.

The amount is $10,000 and you should make application to DVA as soon as possible if you are eligible.

Higher Auto Rates?

Will the result of this new Points Plan for drivers to be introduced in Ontario soon be another increase in auto insurance cost and won't it put the driver at the mercy of a single policeman's evidence which may well be biased at the time? Is this British justice?—W.H., Collingwood.

This is part of the three-pronged plan to get uninsured drivers off the roads without having immediate compulsory insurance which authorities believe would increase auto rates immediately. The hope and general intent of the demerit plan is to reduce insurance cost by reducing accidents. The experience in Iowa, where a similar plan is in operation is said to be very good though more than 2,000 driver licenses there have been suspended since the plan started last April 1st.

The lot of the policeman is not a happy one and while there may be the odd time when an officer of the law gets bloody-minded, and usually for what would be good cause for most of us, I think our police are trying to do a good job and deserve the support and co-operation of the citizens. The courts are always there to deal with cases of injustice.

For Children

Could you advise me of some other type of life insurance for children? What I have in mind is some sort of deferred plan but which would have cash options available in emergency for education purposes, if needed. My husband is 29. Suppose he was killed in an accident or something before the policy reached maturity and I could not afford to continue the payments. Is there any type of insurance against that which could be included? And would there have to be medical examination at maturity date for the policy to be continued in the child's name from then on?—Mrs. P. B., Montreal.

This is an interesting subject and, while there are several plans by different companies which would meet your situation, here for example is an Insurance Trust type of deferred plan put out by a good company which might fit your needs. This is for a deferred insurance policy, in the amount of $10,000 for which the premium payment is approximately $60 a year. It is called an annual deposit. For an additional payment of $4.80 approximately, per annum, the Insuror will guarantee all payment of premiums to age 21 of the child if the father were to die prior to the child attaining that age.

While there are paid-up insurance values on this policy available after the second year, and these increase steadily, it should be remembered that, if death of the child occurs before age 21, the premiums are returned or their cash value is obtainable, whichever is the greater. The cash surrender value at 16 would amount to $1,110. At 18 it would be $1,310 and at 21 would be $1,670. The educational option you ask about is that money would be available, in lump sum or instalments, in accordance with the cash values.

Now let us assume that the child lives to age 21 and the policy has not been changed and no options exercised, what happens then? This is the imporant date the policy has been building towards through the years. At age 21 a policy for $10,000 whole life insurance begins at the same premium and the same premium remains constant though it can be changed to whole life participating or to $7,390 endowment at age 60, for example. The holder of the policy could take a paid-up value of $5,140 at age 21, if that was desired.

What it adds up to in cost is that for deposits totalling $1,264 over 21 years you have secured this very worthwhile policy for your child and you have a cash value gain of over $400 above what you have paid in. And no medical examination is necessary to carry on the policy.

Perils of Inflation

While I agree with you on the wisdom of of building up my life insurance in every way reasonably possible I am concerned at the low rate of dividend paid on participating policies and left to accumulate. Do many policyholders do this? I feel better taking my dividends in cash and investing them with absolute security in government bonds that will yield me more than four per cent. Wouldn't life insurance companies be well advised to give consideration to maintaining the policyholder's equity in some way? We buy insurance with hard dollars but by the time the companies pay out they have all the advantages of inflation and the policyholder has the drawbacks. What about the windfall of a 50% increase in investment income just handed to the companies by the government through the conversion loan? How does the policyholder rate in this?—C.B., Winnipeg.

The perils of inflation are very much the concern of top insurance management and vigorous counter action is being demanded to deal with this situation. While you are quite correct in what you say I think you have to consider the overall picture, including policy cost, in any assessment.

Earnings on investments amounted to 26.3% of Canadian company income in 1957. The net rate of interest was 4.52. While that is a good rate of return it does not compare with the 6% typical in the twenties. In 1957, according to the C.L.I.O.A., Canadian policyholders left 43% of their dividends on deposit, took 42% in cash and used 15% to add insurance. Not all insurance funds are invested in government bonds and to protect their policyholders against inflation they have to conduct their stock investment accordingly, balancing the rise in common stocks against the rising percentage of inflation.

While the current market value of some insurance company portfolios may be nearly three times the book value at 1945 it should be remembered that the purchasing power of the dollar has dropped by 40% in the past 30 years. We have not reached the final answers to many of these problems but what benefits the insurance company should, in the long run, benefit the policyholder. The need for good leadership in this field was never more evident.

Your Taxes

by Garfield P. Smith, CA

Estate Tax Act

A NEW ESTATE TAX Act has been passed by Parliament to replace the Old Dominion Succession Duty Act. The purpose of the new Act, as stated by the Government, is "to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries, and also to consolidate, revise and simplify the present law."

The law has been simplified considerably. The most obvious change is probably in the application of the tax. Under the old law, there were several calculations that were required to be made in order to compute the tax. First there was the initial rate depending on the size of the estate, then there was another rate applicable to the portion received by each beneficiary. This second rate was dependent on the size of each bequest, and also on the relationship of the beneficiary to the deceased. This was further complicated where one beneficiary was entitled to income from an estate during his lifetime, with the balance going to another beneficiary after his death. This created problems in valuing the bequest to each beneficiary.

The new act provides for a tax based on the size of the estate, subject to certain personal exemptions. The rate is unaffected by the relationship of the beneficiary to the deceased, or by the size of any specific bequest. Under the old Act, where an estate was left to be divided among a number of beneficiaries in the same relationship class, the total succession duties applicable would be far less than if the entire estate were left to one such beneficiary. This situation will not apply under the new Act. The new Act provides for an exemption based on the status of the survivors in the immediate family of the deceased, regardless of whether such survivors are beneficiaries of the estate. In most cases, the tax applicable under the new Act will be less than the tax that would have been applicable under the old Act, however there are some circumstances under which the tax would be higher under the new Act.

Of the Provinces of Canada, two, Ontario and Quebec, levy succession duties. The Acts in force in both Provinces follow the old succession duty principal, and it remains to be seen whether new Acts will be written in these Provinces so that there will be a uniform procedure for valuation and allocation of assets for tax purposes. This does not seem likely however, because at the present, the Provinces are limited to direct taxation. Succession duties are direct taxes against the beneficiary; estate taxes on the other hand, are levied against the estate and are an indirect tax.

The Federal Act provides for a tax credit to compensate for the taxes levied by Ontario and Quebec, but because of the differences in the Acts, the tax credit will usually not be identical with the Provincial tax levied. These differences will arise chiefly from domicile, or situs. Situs refers to the location of assets and is quite often an artificial concept determined by definition. This is necessary because many things, such as a debt, do not have a physical location, but some location is required in order to determine under which jurisdiction tax will be levied.

Where applicable, the new Act has followed the form and wording of the Federal Income Tax Act, so that where phraseology differs from that used in the Income Tax Act, it can be assumed that the difference was intentional, and that the meaning is different. One advantage of using income tax phraseology in the new Act is that there have been numerous legal decisions handed down by the Appeal Board and the Courts interpreting the meaning of expressions used in the Income Tax Act. Where such expressions have been carried into the Estate Tax Act, the income tax decisions can be used as a guide in interpretation.

The new Act now provides that appeals may be taken to the Tax Appeal Board.

This was formerly known as the Income Tax Appeal Board when it dealt exclusively with matters arising under the Income Tax Act. It is now possible to appeal against the tax, either to the Tax Appeal Board or to the Exchequer Court, or to both, on payment of a filing fee of $15.00 in each case. Formerly, appeals from the Minister's decision had to be taken directly to the Exchequer Court, and a payment of $400.00 was required at the time.

The Act is divided into four parts:

Part I Estate Tax
Part II Estate Tax in respect of persons domiciled outside of Canada
Part III General
Part IV Interpretation and Application

In this article the first three of the six divisions of Part I, are discussed.

Division A—Liability for tax

The Act provides that tax shall be paid upon the aggregate taxable value of all property passing on the death of every person domiciled in Canada at the time of his death. This is a departure from the old Act, as real property, wherever situated, is now included as well as other property. Formerly, real property situated outside of Canada was not included for purposes of taxation, as there appeared to be some reluctance in having one country levy taxes against real property situated in another country.

Division B—Computation of aggregate net value

The Act spells out what property must be included, and even provides circumstances under which property given away by the deceased prior to his death must be included, and for the inclusion of the deceased's share of joint property. Also provided for, is the inclusion of superannuation or death benefits, payable on or after the death of the deceased and also the circumstances and the extent to which insurance proceeds will be included. Under the old Act, insurance proceeds were included to the extent that the deceased or his personal corporation paid the premiums. The inclusion is now based on whether the deceased owned or controlled the insurance. Where life insurance was carried on the life of the deceased by a corporation controlled by him and payable to the corporation, the value of the shares of the corporation will not be increased for tax purposes, except to the extent that the proceeds of the insurance exceed the earnings of the company for the previous five years.

The Act also provides for artificial debts created by the deceased, and for debts that have been forgiven or have become statute barred. Deductions are provided for bona fide debts incurred by the deceased, and which are enforceable by law. Provision is also made for the deduction of reasonable funeral expenses and court fees in respect of the death of the deceased. No deduction may be made for solicitor's charges or for the expenses of administering the estate.

Division C—Computation of Aggregate Taxable Value

The deductions permitted depend not only on the relationship, health and age of the survivors, but also on the sex of the deceased.

Where the survivor is a widow and there are no children, the exemption is $60,000.00.

Where the survivor is a healthy husband, the exemption is $40,000.00, whether or not there are children. If the survivor is an infirm widower and there

are no children, the exemption is $40,000.00. If the survivor is an infirm husband with at least one child, the exemption is $60,000.00 plus $10,000.00 for each child under 21 years of age or who is dependent due to infirmity.

The exemption in the case of a survivor who is a widow is increased by $10,000.00 for each child.

Where the deceased was not survived by a spouse, the exemption is $40,000.00 plus $15,000.00 for each child under 21 years of age, or who was dependent on the deceased due to infirmity. Provision is also made for the deduction of charitable donations or bequests. There are special allowances in the case of a person whose death resulted from service with the armed forces.

The Executive

CONTINUED FROM PAGE 11

Taylor, Rhys M. Sale, President of Ford Motor Company of Canada, W. M. V. Ash, President of Shell Oil Company of Canada Ltd. and Senator Hartland de M. Molson, President of Molson's Brewery. In answer to the first question most of the businessmen agreed that competence, energy and aggressiveness were the qualities most needed in the executive. Taylor emphasized the importance of understanding human relations. Ash spoke of the importance of home life. "We generally look for a well rounded individual". Sale mentioned the importance of teamwork. Concerning education there was a general feeling that a background in the humanities was an asset in business. It helped men write better reports. Highest praise was given the man who, "by reason of an intense desire to obtain knowledge", continues his education past the time of his formal schooling.

Concerning goals in life the businessmen spoke of the well being, education and comfort of their children as a prime motive and driving force. They also spoke of the desire to "contribute something to the well being of others." J. William Horsey, Chairman of the Board of Salada-Shirriff-Horsey, Ltd., felt that happiness is of greater importance than wealth and that one gets happiness from what one can do for others. D. W. Ambridge, President of Abitibi Power and Paper Company Ltd., spoke of the satisfactions of contributing to the growth and development of the country. The inner feelings of satisfaction one gets from doing the job itself seemed more important than the financial rewards or the esteem of others. On the other hand, money did seem important as a symbol of one's worth. To question concerning social responsibility it was emphasized that the day of the power hungry barons of industry is long since past. Business leaders have to be aware of society's needs.

This would seem to refute this pessimistic portrait drawn by the novelists. On the other hand, little or nothing was said in the course of the interviews about the issues which modern novelists most frequently attack. Nothing was said about ruthlessness in dealing with subordinates and competitors, about inner resources and conformism. The robber baron was assailed but nothing was said about the man in the grey flannel suit.

Clearly, more information is needed. During the past quarter century several attempts have been made to analyze the modern executive objectively in terms of his habits, functions and way of life. In recent years objective surveys have appeared such as D. Starch's "Analysis of the Careers of 150 Executives" and W. E. Henry's "The Business Executive—The Psychodynamics of a Social Role." Starch found the executive to be a highly competent person with powerful drives and "high ability to organize unstructured situations." Most of the top executives, he found, were college educated. Three times as many made school records in the top one third of their class as executives on the lower levels. Three times as many found ways of doing their jobs better. Six times as many sought responsibility. Henry reported the executive to be a typical member of the middle class—"a chrystallization of many of the attitudes and values generally accepted by middle class society." He discovered them to be a group characterized by self directedness and independent thought as well as intense energy and drive. They seek their rewards in terms of property, status and prestige.

Most of these studies corroborate the observations made by the executives interviewed on *Explorations*. At the same time, none of them refute the picture offered by the novelists. Willis Wade and Babbitt were competent, both had high drives and were excellent organizers.

It was not until the publication of William Whyte's *The Organization Man* that we were offered an analysis of the executive in terms of his "total life situation" Whyte, an editor of *Fortune*, can scarcely be accused of a bias against big business. His four hundred and fifty page study, however, puts the typical executive in a most unflattering light. The conclusions were based on extensive research. Over an eight year period *Fortune* interviewed more than nine hundred executives on all levels and gave them personality tests. Whyle found his subject to be extraordinarily one sided men. The average executive seems to be a man who works sixty to seventy hours a week because he would rather work than do anything else. This means that four or five nights a week are spent in the office and that on the one or two nights he is at home the executive is busy with his business reading or spot checking subordinates on the telephone. Obviously, there isn't much time left for the family, for casual evenings with friends, for walks in the woods, civic work, going to plays or reading history. The average executive, Whyte discovered, finds music, reading and the like "all too marginal, too little relevant to warrant making the time." His "friends" are chiefly people who might be useful to him in a business way, his clubs and social groups are circles of contacts. His house, the clothes he wears and the car he drives are all calculated to make the right kind of impression. Nothing is for itself, all contributes to his business.

Whyte's colleague, Perrin Stryker, would have agreed with the Canadian executives concerning the importance of human relations in business, but in a different sense. In a *Symposium on Preventive and Social Psychiatry* (15-17 April, 1957, Washington, D.C.) he reported that the modern executive does not drive his subordinates but "motivates" them. He disguises orders in such subtle ways as to cause subordinates to think they are acting on their own initiative. By a process of "continual and indirect coaching the top men are able to shape the decision making powers of those under them so that these men will arrive at decisions that top management can approve." The other words for this is manipulation. The successful executive, Stryker pointed out, is a bland, highly self-controlled individual who at no time gives way to strong emotions. He must be a person who "has no sharp points—no corners that can irritate."

It is at this point, I think, that we come to the crux of the matter. Stryker discusses character traits and ways of doing things which are not greatly different from those mentioned by the executives in the *Explorations* broadcast. Whyte, in the course of his books, sets forth facts which are not at variance with those offered by the executives whom I interviewed. The difference is in interpretation. What the executive calls "driving force and energy" the psychologist calls "compulsive activity." What the executive calls "teamwork" the sociologist calls "conformism." What the executive calls "motivation" the sociologist calls "manipulation". To himself a successful executive may be an energetic, self controlled, co-operative person. To a psychologist he may be a compulsive, highly repressed conformist. Both are the same person. The difference lies in the value judgment put on the same traits. In this lies the clue to the clash between men of letters who write about executives and the executives themselves. The old fashioned, two-fisted rugged individualist, the robber baron, is gone. No one disagrees with that. The literary man, however, while he may have had some grudging admiration for a loud and colorful Diamond Jim Brady, finds little to appreciate in the bland suburban philistine who works all the time because he apparently does not know what else to do

with himself. He may be a pillar in the community, but he is a very grey flannelly sort of pillar. He isn't very villainous; he could be forgiven if he were. He is simply rather boring and that is the hardest sin to forgive of all.

Whyte's observations were borne out by the psychiatrists, psychologists and social workers whom I interviewed. "Since I have been living here the *Organization Man* has really come alive," commented a social worker in a fashionable Toronto suburb. Two or three others commented on the intellectual, spiritual and moral poverty of executives and their wives. "The cocktail parties begin on Thursday," said one "and go through until Monday morning." Some wives go to coffee klatch at 10:00 a.m., to the bridge club in the afternoon and to cocktail parties at night. Some of them do this every day. There are mink coats, Cadillacs, wall-to-wall carpeting and young people who drive to high school in their own Volkswagens and MG's. There isn't much homelife, reading, concert going, quiet moments by oneself or love. There isn't, in other words, any of the kind of experiences which to past generations made up the basis of the good life.

A clinical psychologist in Hamilton did not find excessive drinking and unstable homelife to be a major factor among executives in his experience. He was, however, impressed by their lack of initiative. He found it common for a man to be promoted beyond his abilities simply on the basis of voluminous output and strict conformity to the boss's wishes. Once in a position of authority he found himself incapable of decision making. "When they come to me I cannot simply lay out the alternatives for them. I must tell them exactly what to do step by step." In his opinion the contemporary fondness for conferences and committee work was because it gave men without ideas a chance to steal them from those who had.

All the professional consultants I interviewed seemed agreed that real ability counted less nowadays than appearances. Most of those promoted into junior executive positions seemed to them to be quite typical of Sloan's *Man in the Grey Flannel Suit*. The compliant, repressed conformist seemed to be the man who was getting ahead. The man with real initiative and ideas was usually held back, being unsuited for "teamwork".

The facts then do appear to confirm the literary picture. The average North American businessman, unlike his European colleague, has pursued business to the virtual exclusion of everything else. It perhaps explains our high productivity and material standard of living but it also explains our poverty in the things of the spirit and mind. The leaders of our society are people who are excessively practical, overly ambitious and far too narrow in their range of concerns. They lack, moreover, initiative, independence and inner resources. In the end, they themselves frequently seem to recognize it. As psychiatric nurse remarked that most of the executives who came for consultation were men in the involutional stage of life who felt that they had missed something and didn't know what it was. To achieve wealth and position—or to accomplish a business venture — they had sacrificed leisure, the cultivation of enduring friendships and the development of inner resources. "They are out of their sphere everywhere," she commented. If they drink too much, neglect their wives and children and have breakdowns in mind and body it is because they are too narrow, and too lop-sided in their preoccupation with business. Achievement rather than prestige and financial reward may be the motive, but their souls are still no deeper nor their minds broader.

Trains

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which is only seven per cent of the CNR's total income.

A more realistic way of looking at the passenger deficit, he contends, is to look at "escapable" costs—the ones which would disappear if the railway got out of the passenger business altogether. Since many modern frieghts are routed to schedules almost as fast as passenger trains, track construction and ballasting would have to continue at the same standards whether used by passenger trains or not. "Escapable" costs, in fact, might come to not much more than the depreciation charges on rolling stock, the cost of maintaining waiting rooms and ticket offices, the wages of train crews, and the deficit on meals served in dining cars.

This form of accounting might reduce the deficit on paper—but a deficit would remain. One of the big factors is labor costs, which railway executives maintain are sent skyrocketing by union rules based on conditions of forty years ago. A day's wages for a train crew is still based on a nominal "day's run," of roughly a hundred to a hundred and fifty miles. Once this distance is passed—and a modern train may do it on main lines in three hours—a new crew takes over, or the old one begins drawing time and a half for overtime.

This rule, in effect, makes labor costs irreducible, regardless of the speed of the train. And while passenger revenue in 1957 was roughly the same in dollars as it was in 1949, wages have, along with everything else, risen steadily during the same period.

In view of all this, are Messrs. Crump and Gordon merely whistling in the dark? Recently, both railways have abandoned passenger service on some Ontario lines; at the end of October, the CNR cut its Toronto-Peterborough service in two, and had intended to apply the same treatment to its Montreal-Vancouver service. (One report at least has it that cabinet pressure was responsible for Mr. Gordon's last-minute decision to retain the "Continental", which was to have been cancelled for the winter months; he himself says that public reaction to the announcement, plus the effect on future CNR bookings, changed his mind.) There are also reports that the CPR was considering a similar curtailment of transcontinental service during the winter, but decided against it.

Whence, then, the firm belief of both presidents that passenger service will continue in Canada for the foreseeable future?

Both are quick to point out that a large factor in their deficits is the little-patronized branch line. Both say frankly they would like to see passenger service discontinued on such routes. Every time, however, that an application is made to the Transport Commissioners for permission to drop a service, the communities concerned protest vigorously. Where the railways have been able to show that the public prefers—and uses—other forms of transportation, lines have been closed to passengers. The odds are that more such applications will be forthcoming.

Meanwhile, the rail diesel ("Bud") car may help. A one or two-car train, with lower costs and a smaller crew, it has in some cases, such as the CNR's Sydney, N.S. to Truro run, and the CPR's Toronto-London-Windsor service, succeeded in attracting increased passenger traffic.

On the longer runs the diesel-electric engine, and modern lightweight equipment are having the same effect. While running crews will remain about the same, the savings in maintenance and operating costs are considerable over steam. Many roundhouses at divisional points are now empty, their staffs transferred or dispersed. When dieselization is complete in the early 1960's, such divisional points as Hornepayne, Ont.—which exist only to service steam trains—may shrink to the vanishing point.

Electronic control of switching, marshalling, sleeping-car reservations, and ticket accounting will also effect savings. The "dinette" car—a CNR innovation—reduces costs, has resulted in greater meal volume.

But the most optimistic sign, in the eyes of the railroads, is the fact that traffic on some runs is actually increasing. These are the short—one to three hundred mile—jumps from city to city. Trains between Ottawa and Montreal, or Winnipeg and Saskatoon are heavily patronized.

The big jet planes which threaten transcontinental rail service can operate least economically over such distances. With increasing highway congestion, both Mr. Crump and Mr. Gordon say that the future of the railway may easily be as the major intercity carrier—on mainline runs. In fact, if the CNR had carried through its

decision to cancel the "Continental," it had planned to run a new train "The Capital" between Montreal and Ottawa, as well as providing a fast overnight sleeper service from Winnipeg to Saskatoon. Mr. Crump goes further, visualizing an integrated air and rail service to meet a wide range of needs.

The men who run or service the trains are not so sure. The shrinkage in maintenance staffs, the cancellation of some passenger runs have them worried. One trainman with 20 years of seniority, affected by the plan to cancel the "Continental", (although he could have moved to another passenger run), said frankly that he was "getting out of the railroad before it was too late."

Many of his fellow workers are thinking hard along the same lines. Modern equipment, the hard sell, and new schedules to meet changing travel habits may keep the passenger service in business for many years. But like other forms of progress, the adjustment disturbs a great many people.

Death Penalty

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harsher until by the 13th Century death was the punishment for practically every felony. During the next several centuries it is estimated that one-twentieth of the English population was executed every year.

This system of criminal law, the harshest in the history of western civilization, remained in force in Canada and in other British countries until just over a century ago. In 1830, a 15-year-old boy was hanged in Montreal for stealing a sheep. In 1833, nine-year-old Nicholas White pushed a stick through the broken glass of a London shop window and raked out a few crayons valued at two pence. For this he was duly tried at the Old Bailey, found guilty and hanged for shop-breaking. During the next decade the Criminal Code was thoroughly revised until the only capital crimes that remained in England and her overseas territories were murder, treason, and piracy with violence. Later Canada added rape to this list, but in actual practice the death sentence has been imposed in this country only for murder, and during the past half-century the laws and regulations concerning sanity and extenuating circumstances have reduced the actual executions to a mere handful every year.

In 1953 there were 173 trials in Canada involving manslaughter and murder. These resulted in 89 convictions, ten executions and five life sentences. This figure showed a definite decline from previous years, not in the homicide rate but in the number of executions, a trend that has continued. In 1952 there were 17 executions, and in the previous decade the average was around 25 executions a year. In 1946 there were 32, the highest total for any year since 1915 when 34 murderers were put to death.

The case against capital punishment is strongly based on moral and religious grounds, holding that all life is sacred to the Almighty, who alone has the right to end it.

"The death penalty that remains on our statute books is a degrading and barbaric relic of the past," Saskatchewan M.P. Ross Thatcher told the House of Commons in 1950 when he was sponsoring a bill to abolish capital punishment. "No Christian can advocate capital punishment and be true to his faith, and no community can call itself Christian that deliberately murders even the most erring of its members."

Against this argument it is usually pointed out that the lives of the innocent victims of the killer are just as precious, and even though executing a murderer will not bring back his victim, it will make sure he does not repeat his act on someone else. This was the argument used by the British Conservative Women a few months ago when they petitioned the Government to restore the death penalty for sex killers. Speaking on behalf of this plea, Mrs. Joan Maydon of Bristol recalled the case of a sex killer who had been sent to prison only to escape, in 1952, and kill two other little girls before he was recaptured.

Both sides in the debate quote statistics, which prove only that no country which has abolished the death penalty has been able to report any appreciable increase or decrease in the number of capital crimes committed. The abolitionists show that Canada, with the death penalty, has 1.2 murders per 100,000 population, or twice as many as Norway which has had no executions since 1875. On the other hand, Colombia, which abolished the death penalty in 1910, has a murder rate 14 times higher than Canada's.

The great British judge, Lord Darling, once said: "Ninety-nine murders out of every hundred are committed without any thought of consequences." Obviously fear of the gallows does not deter in these cases. However, the overwhelming view of police officials is that the death penalty does act to prevent cold-blooded violence on the part of experienced criminals, and calculated, premeditated murder. It is with this expert opinion in mind that successive Canadian governments have adopted the view expressed some years ago by the then Prime Minister, Mackenzie King: "I believe that the deterrent effect of the death penalty, having regard to human character as we know it, is in the end to protect innocent people from murderous assaults."

Such arguments are based on the fact that the death penalty is the corner-stone of our whole system of criminal law. This is recognized by many abolitionists who see the removal of capital punishment as only a first step in a complete revision of our criminal code. As Britain's former Attorney-General, Sir Hartley Shawcross, put it: "How can we deal sensibly with the average member of society who has run amuck, and restore him by proper treatment to a place among his fellows, if at the very centre of our penal system there lies this outmoded tribal rite which insists on an eye for an eye, and blood for blood?"

There are, on the other hand, some reformers who see the death penalty as being an essential part of an entirely new system of dealing with criminals which would include treatment instead of punishment, reform instead of revenge. But, as George Bernard Shaw argues, society should still have the right to do away with those who are beyond reform. "The right to live in society is not unconditional," wrote Shaw. "It cannot be conceded to persons who are unfit to live in civilized society and cannot be allowed to without wasting useful lives in restraining them. If a man is murderously violent we are not justified in turning his decent neighbour into a prison warder to keep him alive. If a woman is a dangerous killer no well-conducted woman should be wasted as a prison warder for her sake. Such freaks should be pitied, and painlessly killed as a mad dog is killed."

A very strong argument for the abolition of the death sentence is that terrible errors sometimes occur, even though judges and juries are careful, sometimes from the police point of view too careful, because a man's life is at stake. The eminent British jurist, Sir Fitzroy Kelley, says that during the first three decades of this century 17 people were wrongly convicted and hanged in England. Since then we have had the case of John Evans, hanged for the deaths of his wife and baby who were later found to have been the victims of the multi-killer Christie. In Canada, there is a growing belief that a mistake was made in the Coffin case of a few years ago.

Many examples are quoted to show how the absence of the death penalty saved innocent lives. One is the case of Leonard Hankins of Minnesota who was found guilty in 1937 of being involved in a bank robbery in which two policemen were killed. In 1956 he was proved innocent and released from prison with a pension for life. If he had been hanged, the abolitionists say, there would have been no possible restitution. But it may be asked if anyone can make restitution for the lingering torture of a prison sentence. For every one who manages to prove he was wrongly convicted there is likely at least another one who serves out his life a prisoner. In such cases it may be argued that it would be kinder, to the person concerned and to his family, to end the ordeal with a quick and painless death.

This brings up the subject of our method of execution, concerning which there is little or no argument. When abolitionists denounce the brutality of capital punishment, they are usually thinking of the brutality of hanging. This method was introduced in England some six centuries ago, not because it was a particularly efficient or humane method of execution, but because it lent itself admirably to the purpose of discouraging others from taking to crime. Felons were left hanging on public gibbets all over the country, gruesome, rotting warnings to all who passed by.

Since hangings ceased to be public spectacles ninety years ago, another refinement has been introduced. This was the trap-door through which the body is dropped just far enough for the rope to jerk the neck, breaking it and causing instantaneous death. In actual practice, the drop is sometimes too far, and the head is literally wrenched from the shoulders. More often, the fall does not break the neck and the victim writhes and struggles at the end of the rope until he is strangled. A few years ago, the deputy-sheriff of Toronto, S. Wills, testified before a Parliamentary committee that, in his experience, the average time between the springing of the trap and death was almost 15 minutes. Mr. Wills told of one execution he had witnessed in which the rope was so long that the victim landed on the floor on his hands and knees and the hangman had to jump on him, bearing down hard so as to ensure death.

Such bungling results from the fact that executions in Canada are the local concern of the county sheriff, who never has experience enough to become proficient. To avoid this, Ontario's Deputy Commissioner of Police, W. H. Stringer, advocated recently that all executions in Canada should be carried out at one central place by one group of officials who would know what was expected of them. Perhaps a better suggestion would be to abolish hangings altogether and substitute a powerful, lethal injection, as has been recommended in England, or a quick, painless poison gas that could be administered by the turn of a tap.

This, of course, would not please the abolitionists who argue that if some 35 of the civilized states and nations of the world can get along without capital punishment, surely Canada should no longer find it necessary to retain it.

Frederika

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visited her at the hunting lodge at Tatoi, the royal estate 20 miles north of Athens, impressed by her homeliness, he blurted out: "Gee, you're the cutest queenie I've ever seen." The Senator from Washington found himself immediately back on the road to Athens without dinner or a royal farewell smile.

Like any woman, she knows how to make good use of her looks and personality. Greek politicians admit that her smile has gained the country more friends than any political treaty ever could. It is an open secret that she won over Marshal Tito of Yugoslavia, once an arch-enemy, who now sneaks down to the royal Greek summer residence on the island of Corfu for some good capitalist fun in fast cars, on speed boats and drinking champagne in the evenings.

Yet regardless of her success, she always makes sure not to overshadow King Paul, her strapping, be-monocled husband, who is happier in fast cars away from the limelight. She has an ingenious way of referring to "my husband" in most of her speeches and actions.

Thus during the hard winter of 1948, at the height of the communist fighting in Greece when King Paul was stricken with typhoid fever in Athens, she visited the fighting front alone. As she entered a large town that had just been taken from the enemy, the exhausted soldiers recognised her and cheered. "My husband is sick and I belong at his bedside, but I think he must love you more than he does me for he asked me to be with you in his place," she told them.

With a woman's insight also she knows exactly when she has overstepped her mark. Carried away by her popularity she began actively meddling in politics by influencing the elections of Greek premiers. She had her fingers burned by the late Field Marshal Papagos and ever since has kept well out of all political intrigue.

And as only women can, Frederika handles the most delicate situation with the utmost tact and womanly guile.

A year ago the difficult question of granting more money to the royal purse came before the Greek parliament. At that time the grant was about $250,000 a year, and hardly sufficient to keep the large marble palace in Athens going.

Politicians had soon turned the whole affair into a partisan wrangle and no decision was taken by parliament. Queen Frederika quietly packed and moved to the royal hunting lodge at Tatoi, letting it be known that the Athens palace was closed.

Athens was stunned: A season without dances, garden parties, receptions and state dinners at the royal palace was inconceivable. Within days parliament, quietly and unanimously, raised the amount of the royal purse and the queen was back at the palace.

Because of the Cyprus dispute, Frederika has been lately accused by the British press of being anti-British. This, however, is hardly indicated by the facts. As a Queen of Greece she can hardly be expected to be on the British side of the dispute in the first place. Her whole upbringing, as a matter of fact, has been English rather than German. She was raised by an English "nannie" and went to a girls' school in England, where her carefree, tomboyish appearance soon earned her the nick-name "Freddy".

With her short, brown curls, her freckles and her vivacious smile, she still radiates a youthful, nearly girlish charm. She relaxes with classical music and enjoys American magazines, often using American slang expressions herself when speaking.

"It's the Queen's English," King Paul is known to say with a smile of resignation, indicating obviously that it's a woman's world in the palace in Athens.

Defence

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indirectly, they are not likely to employ nuclear instruments unless they desire a nuclear showdown possibly of global magnitude.

If this is a very rough and superficial description of the major characteristics that dominate the probabilities ahead of us, what is the specifically Canadian share in the employment of force amid these possible alternatives? It can be said at once that there is no likelihood of a Canadian contribution to the "nuclear club" which Canada clearly does not wish to join as a producer, nor is it likely that we shall become a manufacturer of missiles for our own tactical use even though we may receive missiles from our principal ally or allies capable of making them. It is possible of course, that on a purely developmental level we may have something to contribute, technically, to missiles. But here again this is likely to be confined to minor short-range missiles of the air-to-air or air-to-ground type rather than the more elaborate and complicated ground-to-air or IRBM and ICBM types. We simply are not in that league technically — as yet — or economically, bearing in mind the size of developmental costs for these operations.

This leaves the Canadian contribution clearly within the conventional field if it is to make a positive contribution at all. Here the forms of Canadian participation are not difficult to suggest for they would include conventional arms for the army but now made highly mobile due to the dispersal requirements of modern nuclear conditions—for which even the conventional forces must be adapted. Indeed, there is a dualism in such conventional arms of a land-based character because they are to be considered not merely for the purposes of a Canadian contribution to a conventional action of a local character but also for the defence requirements of missile bases and other mobile needs in a nuclear conflict situation. Of course,

there is the third possibility: namely, that such conventional Canadian forces might be employed for a police action under the auspices of the United Nations—although the recent rejection by the Secretary-General of a UN Peace Force suggests that this aspect may not have the early relevance it was considered to have a few months ago.

What is said here of conventional forces applies, of course, across the board to the three services. That is to say we are speaking of the Army, organized for modern highly mobile requirements, of a Navy, able to carry on anti-aircraft and anti-submarine convoy and shore-patrol duties —to the extent that these remain necessary—and of an Airforce able to provide anti-bomber protection and Army or missile base transport requirements.

Yet it is not enough to conceive of this conventional Canadian contribution as the possible Canadian answer to its defence dilemma, for put in these terms it is a static statement in a highly dynamic time and field. Hence, cutting across this attempt to evaluate a Canadian conventional role is what may be described as the "transition dilemma". For this is a difficulty that is even more complex for a middle power worrying about its costs than for a great power able to use many chips in a great and dangerous game where its resources are sufficient to provide for chips that decline in value before they are really played. For Canada the matter of transitional worth and obsolescence is of the highest importance and goes far to explain the debate over the future of the CF-105, the "Arrow".

It is no wonder, then, that the search for a conception, that will make it possible to formulate a fitting Canadian defence policy and that will guide its choice of arms, has driven some to re-examine the very basis of our involvement as an ally of the United States or the Anglo-American world. Indeed these pressures to make early choices that are viable both in military and economic terms are increased by certain political questions that broadly speaking have two aspects.

The first is the sudden re-emergence of a fear of United States domination brought to a head by the Canadian position in the North American air defence arrangements as well as by the recent concern over United States policies towards U.S. subsidiaries in Canada and other economic irritants. This aspect tends to express itself in the desirability of a possible Canadian "neutralism" in order to avoid becoming simply a United States satellite in fact and possibly, in law. The view assumes that we are already in danger of losing what little sovereignty we have on this continent and that since we exercise small influence on the great decisions in the White House, the State Department or the Pentagon we would be better off, as a neighbour of both the Soviet Union and the U.S.A., to find some middle political way between them and not be wholly committed to a U.S. involvement.

The other aspect is to say that if Canada has any influence in this changing world, particularly among the newer Afro-Asian peoples, it rests upon her goodwill, her ex-colonial status, her willingness to share in a variety of experiments leading to an improved world order. This position, it is argued, can only be compromised by the increasing Canadian participation in the immense defence activities of the United States on the North American continent, all of them aimed at the Soviet Union. And, since the Afro-Asians, perhaps unwisely, do not fear the Soviets as we do with quite the same intensity, if at all, they cannot understand the Canadian involvement. Hence Ottawa's voice with them must decline in influence at a time when the free-world needs as much pursuasive power with these new peoples as it can muster.

To this it can and should be replied that it is naive to believe that sharing North America as we do with the United States and sharing also certain fundamental beliefs of the free world about the Soviet threat, we could follow any other course but one that unites us with the West in a common defence program. Moreover, while it may be true that we do not carry the greatest weight in decisions of the highest strategic and political importance as these are made in Washington and/or London, it is nevertheless true that we carry some weight and we may indeed carry a good deal more than other states closer to immediate danger in Europe than we are and whose per capita contribution to the common defence of the NATO allies is at least equal to or perhaps better than our own.

And, finally, public opinion in Canada is already deeply committed to the long patient wait for a better world to come out of these dilemmas and would not tolerate for very long proposals that we should try and hide behind some Maginot Line of Arctic frost in the belief either that we can go our own way or that we should ride on the backs of others who continue to bear the burdens and the costs of the free world's defence, particularly the United States. It may be said, therefore, that there is no room at this stage of our thinking, and of the conditions we face in the power of the Sino-Soviet peoples, for withdrawal, neutralism, disengagement in North America, or indeed for any of its variants.

It is now necessary to apply the above general analysis and the conceptual framework that has emerged to the fashioning of a specific defence policy. In the next article I shall try to describe what seem to me to be the necessary elements in the making of such a policy as they affect both our international and continental diplomatic efforts on the one hand and our domestic military preparations on the other.

Exports

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Here is an example: about 10 years ago a Canadian exporter shipped goods to an importer in Bogota, Colombia. The man had appeared to be a good credit risk. However, the Canadian firm took out insurance as a precaution. Then a revolution broke out. This importer's place of business was burned and looted. The man went insolvent and couldn't pay his debts. ECIC came to the rescue and paid 85 percent of the losses.

An exception to the principle of spreading the risk—of not writing up too much business for any one contract, exporter, commodity or country—is made in the case of exports qualifying under Section 21. An example is wheat shipped to Poland on terms of payment extending over three years.

On authority of the Governor-in-Council ECIC can enter into such contracts if they are "in the national interest". In the event of loss the money would be paid from the consolidated revenue fund of the Government. ECIC has insured $217 million under Section 21.

What is ECIC's record? Since 1945 the corporation has issued a total of 2,131 policies covering exports to the value of $436,012,457. In that period claims totalling $9,524,485 have been paid, and recoveries of $6,419,714 have been made. But only $228,000 has been written off as irrecoverable, and ECIC hopes to recover the remaining $2.8 million outstanding.

Specific rates of premiums are confidential, but the average rate on risks undertaken has been less than 1 percent. Yet premiums have been more than sufficient to cover net claims. The ECIC underwriting reserve at the end of last year showed a credit balance of $2,437,501, and at June 30, 1958 the position showed an improvement of some $600,000.

This shows sound management. The general manager, H. T. Aitken, has had wide experience as a chartered accountant. A. W. Thomas, assistant general manager, served as Ford's sales manager in the Far East, and there is a 15-man advisory council drawn from industry.

For example, the five members appointed recently comprise: J. V. Clyne, chairman of the board of MacMillan and Bloedel Limited, Vancouver; H. G. De Young, president of Atlas Steel Limited, Welland, Ont.; Raymond Dupuis, president of Dupuis Freres Limited, Montreal; A. C. McKim, president of Merck and Company Limited, Montreal, and F. G. Rutley, chairman of the board of the Foundation Company of Canada.

Editorials

Berlin Depth Charge

BERLIN IS CLEARLY the place where the Communists are going to create their next international crisis. They have chosen their ground well.

Theoretically, if they hand over to the East German government their section of Berlin, it seems less than logical for the Allies to protest that they cannot leave the western part to the Federal Republic.

On this continent, the general opinion is that we might even go to war over Berlin, insisting that we cannot allow two and a half million Germans to be thrown to the Communist wolves. But we should be aware that our allies in Europe are not so committed to this view. *The Daily Express*, a London newspaper which has the ear of the Conservative government, and which has a circulation of over four million copies a day, had this to say on the matter:

"The Americans will understand that Britain is not willing to fight for reuniting Germany—not after the long years of struggle against a united Reich in two world wars. Above all, the British people seek an early withdrawal of western troops from Berlin. If that city has to be garrisoned, then the wealthy, industrious, resourceful West Germans should do the job."

Though we may not agree with this point of view, it has a certain hard and intelligent reality to it. We must not be deluded into thinking that the present prosperity of Western Germany is entirely due to the Germans own efforts. It has been due to a great extent, to the fact that they have had little or no defence expenditures, they have thus been able to become serious competitors in world trade with nations like Canada and Great Britain while those same nations have, in fact, been paying the German defence bill.

The question of Berlin may split the western powers as dangerously as Suez did two years ago and as Quemoy and the Matsus did this year. Berlin will be no tempest in a teapot. It will be another carefully planned depth charge. The west should be well prepared for the shock its explosion may bring.

Crumbs on the Platter

DECEMBER BROUGHT a few crumbs of comfort to the federal Liberal party. In the Springfield, Manitoba, by-election the Conservative majority was drastically cut from the general election. In Toronto-Trinity, Paul Hellyer, the Liberal candidate was elected.

Mr. Hellyer is an experienced parliamentarian and for the last three months of his nine in the House he was associate minister of defence. A man with qualities which led him to an appointment in the Liberal Cabinet must be a welcome addition to Mr. Pearson's band in the Commons. Further, since he knows a good deal, presumably, about the inner workings of the Department of Defence, he will be able to carry the ball for the Liberal Party in the acrimonious defence debates of this next session.

Since Mr. Hellyer also holds a diploma in aeronautical engineering from the Curtiss-Wright Technical Institute of Aeronautics, and was, in 1944 a group leader in the engineering design department of Fleet Aircraft Ltd., he will speak from inside knowledge when the great Arrow debate begins.

Mr. Pearson will welcome him with open arms.

Government by Show

THE GOVERNMENT of British Columbia, under its flamboyant Premier W. A. C. Bennett, keeps the people of that province in constant turmoil.

First, there was the scandal of Robert Sommers. Mr. Sommers, as Minister of Lands and Forests, did a little finagling in the issuance of forest licences. After two and a half years of intense legal and political activity, he was finally sentenced to a five year prison term on charges of bribery and conspiracy.

Then there came the announcement of the development of the northern interior by the Wenner-Gren interests under an arrangement which looked to give away to this Swedish firm almost unlimited benefits in natural resources—internal resources which are the property of the people, not the government.

Then, two months ago, came the sensational declaration by Lee Briggs, general manager of the British Columbia Power Commission. He charged that the government had forced his commission to refinance its bonds for political purposes and claimed that there was a vast conspiracy against the people of British Columbia between Mr. Bennett, Dal Grauer, president of BC Electric and Axel Wenner-Gren.

Last month, Robert Sommers' seat in the Legislature was contested in the Rossland Trail constituency (he cannot hold it while he is in prison, of course). The result—a Social Credit member was returned.

It looks as though the people of British Columbia are convinced that the Social Credit party gives them government like nobody else—an opinion, of course, the rest of Canada may think to be absolutely right.

An Ambassador to Peking

CANADA IS KEEPING the recognition of Red China under review, we are assured by Sydney Smith. Whether this means, however, that the Canadian government will some day break out on its own, ignore Washington and send an ambassador to Peking is very questionable. One of the stumbling blocks in Washington is the conviction in the State Department that recognition of Red China will have unpleasant consequences amongst our friends in the rest of Asia. But since most of the countries of Asia already recognize Red China, this has always seemed to us a particularly barren argument.

Just how barren it is was proved by the press reaction to Mr. Diefenbaker's tour in the East. Though his remarks on Kashmir were given wide prominence in the Indian and Pakistani press, as were his remarks on NATO, his views on the recognition of Red China got no editorial comment at all.

In fact, recognition of Red China is a dead issue in most of the East because China is already recognized. And why shouldn't it be? It is a land of six hundred million people, and has an aggressive and dynamic government. How can the other countries of Asia pretend it doesn't exist, as Mr. Dulles does?

Mr. Diefenbaker must now realize himself that the only reason why Red China is not recognized by the United States is the legalistic one—that they still recognize the expatriate government of Formosa.

Mr. Dulles and his Republican friends are not going to change their opinion apparently. But that is no reason why we shouldn't in Canada, especially with Mr. Diefenbaker's recent first hand experience to give a lead to our thinking on the matter.

ANSWER TO PUZZLER

Five 2c, seven 7c.

THE ROYAL BANK OF CANADA

Condensed Annual Statement

30th November, 1958

ASSETS

Cash on hand and due from banks (including items in transit)	$ 622,387,348
Government of Canada and provincial government securities, at amortized value	1,047,891,802
Other securities, not exceeding market value	564,178,106
Call loans, fully secured	194,309,754
Total quick assets	$2,428,767,010
Other loans and discounts	1,309,954,970
Mortgages and hypothecs insured under N.H.A. (1954)	264,816,709
Bank premises	37,915,590
Liabilities of customers under acceptances, guarantees and letters of credit	79,704,313
Other assets	12,400,433
	$4,133,559,025

LIABILITIES

Deposits		$3,782,068,763
Acceptances, guarantees and letters of credit		79,704,313
Other liabilities		22,040,929
Total liabilities to the public		$3,883,814,005
Capital:		
Authorized—10,000,000 shares of $10 each	$100,000,000	
Paid up—6,032,932 shares—issued and fully paid	$ 60,329,320	
—payments received on account of 15,068 shares not yet issued	92,628	
	$ 60,421,948	
Rest Account	188,760,357	
Undivided profits	562,715	249,745,020
		$4,133,559,025

STATEMENT OF UNDIVIDED PROFITS

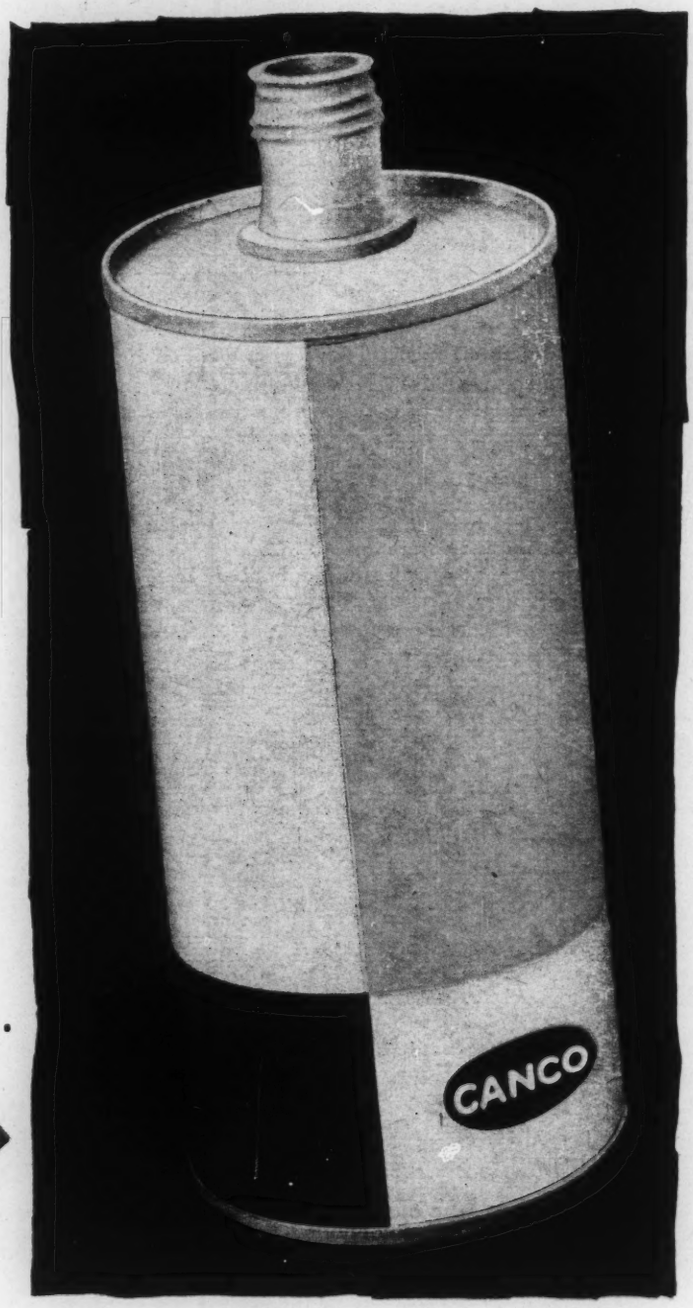
Profits for the year ended 30th November, 1958, after provision for depreciation and *income taxes and after making transfers to inner reserves out of which full provision has been made for diminution in value of investments and loans		$15,868,329
Dividends at the rate of $2.00 per share	$11,497,160	
Extra distribution at the rate of 25¢ per share	1,512,000	13,009,160
		$ 2,859,169
Transferred from inner reserves after provision for *income taxes exigible		7,300,000
Balance of undivided profits, 30th November, 1957		403,546
		$10,562,715
Transferred to Rest Account		10,000,000
Balance of undivided profits, 30th November, 1958		$ 562,715

*Total provision for income taxes $23,270,000

JAMES MUIR,
Chairman and President

K. M. SEDGEWICK,
General Manager

CANCO's NON-DRIP CAN



HERE'S THE PACKAGE WITH PROVEN APPEAL TO CONSUMERS . . .

The sensational can for almost any liquid product . . . *perfect* for the new heavy-duty detergents! • In food stores everywhere—you'll see Canco's Non-Drip Can. It's boosting sales for many products and it can do the same for *your* liquid specialty! • Consider the features of this outstanding package: A clinched nozzle that pours freely, yet won't drip a drop when righted. Full decoration on top, on sides. Easy to fill, compact, lightweight, handy, unbreakable. In short, everything you, your dealers and your customers want in a modern container! • Ask your Canco representative today for details about this sales-making can and how it can serve your product!

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